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FOR PUBLIC AFFAIRS STAFF

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SUBJECT KGB Status

TOM BROKAW: Intelligence sources in Washington now have confirmed reports that a very high KGB official defected to the West in Rome this summer. Vitaly Sherchenko (?) is said to have had detailed knowledge of Soviet operations in the United States, Western Europe, and Latin America.

And as John Dancy reports, this is only one of several major KGB setbacks recently.

JOHN DANCY: The expulsion of 31 Soviets for spying has devastated the KGB's operations in Britain. American intelligence sources confirm that the Soviet KGB chief in England, Oleg Gordievsky, has already revealed the names of more than 100 Britons working for the Soviets.

GEORGE CARVER: Gordievsky was a gold mine, a platinum mine and a diamond mine all rolled into one. He knows everything that there is to know about Soviet intelligence activities in his country of assignment; in this case, the United Kingdom.

DANCY: The man on the left, Stanislav Levchenko, is a former KGB agent, who declines to be photographed because of death threats against him.

What effect must this have on the KGB's operations in London?

STANISLAV LEVCHENKO: The Soviets, of course, lost all of their agent network in Great Britain, which will take them at least five years to rebuild. They're trying to assess the damage which was done to the KGB operations, not only in England, but in Europe.

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ON PAGE C-4**

STAT

# Suit takes aim at U.S. weapon test

By FRANK JACKMAN

News Washington Bureau

**WASHINGTON**—Four Democratic congressmen and the Union of Concerned Scientists filed suit in U.S. District Court yesterday to block the upcoming Air Force test of an antisatellite, or ASAT, weapon against a target in space.

The ASAT weapon, which will be carried aloft by an F-15 jet fighter, is scheduled to track down and destroy an old, drifting U.S. scientific satellite over the Pacific, reportedly on Friday.

The group of scientists were joined by Reps. George Brown (D-Calif.), Matthew McHugh (D-N.Y.), Joe Moakley (D-Mass.) and John Seiberling (D-Ohio) in seeking a delaying injunction. They argued that such a test at this time would be illegal because the Reagan administration is not "endeavoring in good faith to negotiate with the Soviet Union a mutual and verifiable agreement" to limit such weapons as required by current law.

In his certification to Con-

gress last month, President Reagan said that the U.S. was trying "in good faith" to negotiate an agreement with Moscow and that pending such an agreement, testing was needed "to avert clear and irrevocable harm to the national security."

"The USSR has the world's only operational ASAT system with an effective capability to seek and destroy critical U.S. space systems in near-Earth orbit," Reagan said. He said tests were needed to "restore the necessary military balance in this area."

But in an affidavit accompanying yesterday's lawsuit, former CIA Director William Colby claimed that even without a space test, the U.S. ASAT system "is already far more advanced than the Soviet system." He said that of the 20 Soviet tests to date, half have failed.

Brown, a leading critic of the controversial \$4 billion U.S. antisatellite program, said the ASAT test was really a preliminary test of the President's proposed Star Wars space defense system.

## 'Transparent'

"The miniature homing device that is a key component of the ASAT weapon "actually is... an essential element of one tier of a space-based ballistic missile program," Brown said. He charged that Reagan's certification was "a transparent effort to circumvent the law."

White House spokesman Larry Speakes denied the charge.

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ON PAGE D1**

# The Risky Business Of Assessing Risks

## Small Firms Face Squeeze

By KENNETH N. GILPIN

South Africa's problems may be creating difficulties for a host of companies doing business with that country. But for one business, political risk assessment, it could prove something of a boon, serving as a reminder of the relevance of political intelligence, particularly to companies operating abroad.

The profession could use some bolstering. The South African problems come at a time when companies such as Atlantic Richfield and Gulf Oil have been phasing out their political risk departments, or decreasing their importance.

At Arco, for example, Roger P. Nye, director of international evaluation, said his unit was being disbanded as part of a restructuring. "From now on, someone with a part-time job will be looking at international affairs," said Mr. Nye, who founded the department 11 years ago, after receiving his doctorate in political science at Washington University in St. Louis. He will begin evaluating foreign government credits for Moody's Investors Service in New York next month.

The reduction in in-house staff at corporations, however, has aided a number of small consulting firms headed by such foreign policy superstars as Henry A. Kissinger, former Secretary of State, and William E. Colby, Director of Central Intelligence from 1973 to 1976. These firms offer the government experience of their key people as well as often providing contacts with government officials here and abroad.

Mr. Colby left another Washington consulting firm, International Business Government Counselors, to start his own firm, Colby, Bailey, Werner & Associates, early this year, and formed a network of outside consultants, including William B. Dale, a former deputy managing director of the International Monetary Fund. Access to a wide range of powerful people is an important selling point.

"We sat down a few weeks ago and counted up the number of contacts we had that could get us to heads of state around the world, and the number came to about 35," Mr. Colby said in an interview.

Although the private consulting firms charge more than individual analysts, companies say they can be less expensive in the end. Industry sources say that Mr. Kissinger's firm, Kissinger & Associates, which has around a dozen clients, charges an annual fee of about \$250,000. Mr. Kissinger's firm declined to comment on its fee structure, but Arco and the Fluor Corporation have said in the past that they are clients. Mr. Colby's firm has much lower up-front fees, the industry sources said.

Corporate risk analysts typically earn \$60,000 to \$75,000 a year, according to a survey by the Association of Political Risk Analysts last year.

Some firms headed by well-known individuals have managed to make money, but the brunt of the downturn in the business is being borne by small consulting firms. Last year, 15.5 percent of those responding to a survey compiled by the Association of Political Risk Analysts, a professional group, classified themselves as consultants offering political risk services, about half as many as the previous year.

"Anyone can put out their shingle," said William P. Kelly, deputy director of international governmental affairs at the Ford Motor Company. "And a lot of the consultancies were one-man operations."

### Réasons for Shake-Out

Foreign affairs experts point to the recession of the early 1980's, corporate retrenchment and dissatisfaction with the kind of analysis that management was getting to explain why the political risk business is going through something of a shake-out. The strong dollar has also cut into overseas earnings at many companies and lessened their emphasis on foreign operations, they say.

"After the fall of the Shah of Iran in 1979, everybody said let's do something about political risk," said Gordon Rayfield, a political risk analyst in the international economics group at the General Motors Corporation. "But the recession here caused companies to cut staff in manufacturing industries, in the oil industry and in the banking industry. And some of the first people to go were political risk analysts."

Whatever the reasons for paring back staff, analysts assert that companies are being shortsighted by trimming back their analytical capabilities. "There is a secular trend of the globalization of goods and services," Mr. Nye said. "In that environment, it is self-defeating for a company to pull in its horns and concern itself solely with the domestic market. You need someone in the corporation with a sense of world events so you won't get blindsided. Companies that don't see this are in for some shocks and loss of market share."

Political risk analysis is a field that has come of age only in the last decade, as foreign affairs have rocked businesses around the world. The idea of having a political scientist or other foreign affairs expert who could look into a crystal ball and warn of impending problems — and ideally save a company money — was an attractive one to many concerns.

Businesses turned to academia and government to recruit experts who could sift through complex economic and political data about Iran or Mexico or other potential trouble spots around the world, and weigh their implications for their companies.

### Gulf Oil-Angola Case Cited

One oft-cited example of how savvy political judgment can pay off is the decision taken in the mid-1970's by Gulf Oil to remain in Angola in spite of a widening revolution. In that situation, sources said that the feeling among Gulf's management was to pull out of the country. The company's international affairs group argued against such a step, and Gulf stayed. Cuban troops are guarding its oil rigs, but Gulf is still there, making money.

But if the idea of political risk assessment seemed compelling, the profession has encountered some rough going. There is little question that predicting riots and coups and other generally unpredictable events is a tough occupation. But that is the kind of service that political risk analysts purport to offer.

The South African financial crisis, which some analysts confess they did not see coming, offers some insights into the difficulties of analyzing political risks. In that case, the growing political unrest led to a loss of confidence among some of the country's creditors. The decision by the Chase Manhattan Bank in July not to roll over some debt reverberated through the financial markets, leading eventually to a financial crisis for the country that took some by surprise.

"I felt that things would get bad quickly and saw that there had been some capital flight," Mr. Rayfield of G.M. said. "But I had no idea that things would unravel so fast, and I didn't make the short-term call. I talk to a lot of people at other companies on the phone, and no one was making that prediction."

Continued

Even when political analysts can foresee troubles ahead in a particular country, moreover, a company may still encounter problems. For one thing, the analysts may not succeed in convincing management that their outlook is right. Perhaps more difficult is the case when analysts and management agree, but there is no easy way to react.

William Looney, an associate editor at *Business International*, a weekly newsletter that tracks the impact of international events on multinational companies, said that a recent survey of companies with investments in South Africa, for example, showed that foreign companies felt there was little, if anything, that could have been done.

"A number of the savvier companies, like Ford, have slowly been reducing their exposure there for some time," Mr. Looney said. Earlier this year, Ford, which has been in the country for more than 60 years, merged part of its holdings with a division of the Anglo American Corporation.

"We made our decision based on our long-term reading of the situation down there," Mr. Kelly of Ford said.

Now that the risks in South Africa have become more apparent, many companies feel locked in. "A year ago, we weren't sure when the process of real polarization would turn into street violence and cause disruptions in the economy and the country in general," Mr. Rayfield said. "Now we know, but aside from lowering our long-term market forecasts, all we can really do is wait it out. Doing something drastic, like pulling out or selling out, will be much more difficult now."

**ARTICLE APPEARED  
ON PAGE 40**

6 September 1985

# High-Stakes Lobbying on Behalf of Other Nations Grows in Washington Around Aid, Trade Issues

By MONICA LANGLEY

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Even though House and Senate conferees were deliberating on a foreign-aid authorization bill in a session closed to lobbyists, Denis Neill and Leslie Janka were lobbying hard for their clients, Egypt, Jordan and Morocco.

Outside the conference room, Mr. Neill, formerly with the Agency for International Development, was meeting with lawmakers and their staff as they emerged, suggesting changes in the bill to help his foreign clients. At the other end of Pennsylvania Avenue, Mr. Janka, a former Reagan administration official, shuttled between the State and Defense departments, urging officials there to weigh in on the congressional debate.

By the time the conferees wrapped up the \$12.8 billion foreign-aid bill at 1:30 a.m., just a week before Congress began its summer recess, Messrs. Neill and Janka were delighted that the legislators had watered down a provision to prohibit arms sales to Jordan until it negotiates a peace treaty with Israel. They also were pleased that the conferees didn't reduce aid to Morocco because of its ties to Libya, but did provide for \$2.6 billion of funds to Egypt next year.

## Lobbying for Countries Grows

Such high-stakes and finely orchestrated lobbying on behalf of countries is growing on a wide range of issues including economic aid, military assistance and international trade. Nations that used to rely on their ambassadors making the rounds on the dinner circuit increasingly are rushing to sign up this town's top lobbyists, including many former high-ranking government officials, and paying retainers of as much as \$600,000 a year.

Yet some worry that the growing ranks of lobbyists representing foreign governments are harmful. "By hiring the elite lobbyists, foreign governments can manipulate the administration and Congress to act against our own national interests," charges Joel Lisker, former chief of the Justice Department's foreign-agents unit. "If not against our national security," he says, "against our economic health, with the current trade imbalance as the best example."

With the rapid rise in the numbers of foreign-nation lobbyists, some members of Congress want greater disclosure to the government on their activities. Other lawmakers have asked the U.S. attorney gen-

eral to investigate some lobbyists' actions on behalf of foreign interests.

Lobbying and law firms predictably are taking advantage of this swelling eagerness by foreign governments and corporations to retain Washington representation. Gray & Co., for example, a big lobbying and public-relations firm here, set up a separate lobbying unit catering to foreign-government clients.

About 850 lobbying firms are registered now with the Justice Department, representing "thousands" of individual lobbyists, according to Mr. Lisker. This number has risen steadily in the past four years, he adds. And more often, high-ranking officials are leaving government and lobbying for foreign interests.

William Colby came out of the Central Intelligence Agency and started representing Singapore, Thailand and Brazil. Reagan campaign operatives Charles Black, Paul Manafort and Roger Stone have signed up Saudi Arabia, Peru, Portugal, the Bahamas, St. Lucia and the Dominican Republic. Stanton Anderson was a deputy assistant secretary of state until he left to start his own firm, now representing Japanese and Brazilian interests. Richard Stone, former U.S. senator from Florida, now lobbies for Taiwan. And William Fulbright, former chairman of the Senate Foreign Relations Committee, has advised Saudi Arabia and the United Arab Emirates.

And the pay is typically higher from these foreign governments than from domestic clients, lobbyists acknowledge. Neill & Co. receives \$360,000 from Egypt, \$300,000 from Morocco and \$260,000 from Jordan as annual retainers. South Africa pays \$500,000 a year to John P. Sears, former Reagan campaign director, and \$300,000 to the law firm headed by former Sen. George Smathers. Gray & Co. just renegotiated its contract with Turkey, doubling the fee it receives, to \$600,000 a year.

"Foreign countries tend to pay bigger fees to lobbyists, because they are more susceptible to big names and past titles," says Thomas Quinn, a Washington lobbyist.

## Congress Bewilders Them

Lobbyists say foreign governments generally hire them for help before Congress, because they find it bewildering to accommodate so many members with so varied interests to protect. "Foreign countries think they can handle the State Department, but Congress, on the other hand, is

often frustrating to them because one congressman can stop everything," says Joseph Blatchford, former director of the Peace Corps and Commerce Department official, now with the O'Connor & Hannon law firm here.

As foreign-country business heats up, lobbying firms are establishing areas of the world in which they claim to be expert. Neill & Co., for instance, is establishing itself as expert in the Middle East. Edward van Kloberg of Van Kloberg & Associates says his firm "specializes in developing countries and Eastern European countries." His group represents Romania, Iraq and Cameroon.

Yet, some lobbyists refuse to represent countries they fear would hurt their credibility. "We have turned down Libya several times," says Niels Holch, a Gray & Co. vice president. "And we also refused to represent the Nicaraguan freedom fighters." Gray & Co. does represent South Korea, the Cayman Islands, Haiti, Morocco, Saudi Arabia and Turkey.

A group of 14 congressmen recently called on Attorney General Edwin Meese to investigate the foreign-agent disclosures made by the Washington law firm representing Nicaragua. In a letter, the lawmakers asserted that the firm, Reichler & Appelbaum, "may have falsified their recent activities report" by failing to disclose that they "initiated, facilitated and assisted in the production and dissemination" of two reports alleging human-rights violations by Nicaragua's anti-government resistance forces.

Paul Reichler says his firm isn't required to report that it initiated and helped carry out the reports; disclosure is required only if he disseminated the reports, and he didn't, he says. The letter to the attorney general "is obviously a political statement for 14 apologists for the Contras," he asserts.

While representing foreign governments is generally very profitable, there can be surprises, as Mr. Blatchford, the former Commerce Department official, found. Hired by then-President Nimeiri of the Sudan, he lost the lobbying contract abruptly when a military coup occurred early this summer. "My clients don't drop me; they get overthrown," quips Mr. Blatchford. "The next foreign country that retains me, I'm going to ask for the fee upfront."

*Continued*

September 1985

# DRAGONS HAVE TO BE KILLED

*William Colby, the Colorless CIA Director, Was Tired of Battling James Angleton, the Agency's Mysterious Counterspy. But How Does a Bureaucrat Get Rid of a Legend?*

*By Burton Hersh*

**O**ne weekend this May, struggling to maintain some poise but betraying the discomfiture of an assistant headmaster whose chair had been slipped out from under him one time too many, the vice chairman of the Senate Select Committee on Intelligence, Senator Patrick Leahy, whistled in the media to announce his intention to launch an immediate inquiry. Despite the law's requirement and the Reagan administration's statements that at least the chairmen and vice chairmen of both the Senate and House intelligence committees must be adequately informed of all covert activities, the Vermont Democrat was clearly worked up at the extent to which "things have fallen between the cracks."

The detonation the previous week of a car bomb in Beirut that killed more than 80 people was the direct consequence, according to the *Washington Post*, of a late-1984 administration directive to the

Central Intelligence Agency to put together native teams for "pre-emptive strikes" against suspected local terrorists. Of this initiative—promptly denied by the administration itself—virtually nothing had reached the ears of Leahy and his fellow Democrats because none of them had enough of an inkling of the administration's covert intentions to frame the right questions during intelligence-committee hearings. As for that car bombing? Under attack from reporters, the magisterial Leahy had pressed for answers and "found out about it on my own." To preclude subsequent bushwhacking, Leahy announced, "We're going to review six or seven operations. I do not want my side to get caught on a Nicaraguan-mining type problem."

It's been a decade since cataclysm came close to obliterating the Central Intelligence Agency; Senator Leahy's public desperation was itself a measure of how far Agency leadership had vitiated the oversight-and-disclosure process and returned the clandestine establishment to business as usual.

Ten years ago, responding to the public's outrage at reports of broad-scale domestic mail-opening programs, drug

travesties, and decades of bungled assassination plots, the post-Watergate Congress set up its first sweeping investigation of the CIA since authorizing the Agency in 1947. Down bureaucratic rat holes, like so many fire-hose nozzles, the Pike and Church Committees seconded by the Rockefeller Commission let loose a torrent of investigators and depositions and conscience-stricken case officers and subpoenas and discovery documents and unfriendly witnesses until month by month the deepest catacombs of the intelligence community were swamped to the rafters. Out into the publicity of the hour there streamed an incredible proliferation of espionage mavens and subversion impresarios, species rarely identified before, many bobtailed and indignant at such a historic interruption.

Least unhappy-looking friends of the intelligence community kept noticing, was the Agency's tidy little director. It was William Colby, after all, whose slips to newsmen had all but sounded the alarms; now he seemed blithe enough, and forthcoming at all times before the swarming investigative bodies. "Bill, do you really have to present all this material to us?" a heavy-

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Burton Hersh has been working on a book about the CIA for two years. He has written for *The Washingtonian* about diplomat-lawyer Sol Linowitz and Senator Edward Kennedy; his previous books include *The Mellon Family* and *The Education of Edward Kennedy*.

*Continued*

BALTIMORE SUN  
 11 August 1985

# Number of Soviets in U.S. called threat to security

By Vernon A. Guidry Jr.  
 Washington Bureau of The Sun

**WASHINGTON** — Operating from an imposing embassy on 16th Street here that predates the Communist revolution, Soviet spies gather information almost openly in the halls of the federal government and more circumspectly on suburban back roads.

Across the continent, in an affluent San Francisco neighborhood called Cow Hollow, a seven-story brick building houses the Soviet consulate. The American counterintelligence community regards it as the West Coast headquarters for the relentless Soviet pursuit of U.S. high technology, military and otherwise.

These are the most prominent outposts of the hundreds of Soviet and other Eastern bloc agents believed to be operating in the United States. They have become increasingly controversial since the charges that the alleged Walker "spy ring" sold Navy secrets to Moscow for nearly two decades and the first-time ever conviction of an FBI agent for passing bureau information to the Soviet Union.

The Soviets' American outposts are a source of frustration to counterintelligence experts and government officials who believe Washington is needlessly giving Soviet espionage a helping hand by permitting too many official Russians in the United States.

A recent report by the Senate Intelligence Committee put it this way:

"The danger to U.S. national security entailed by larger-than-necessary numbers of Soviet diplomatic and consular officials in the U.S. and Soviet personnel at our embassy and consulates in the Soviet Union requires immediate action."

The mention of Soviet personnel in U.S. facilities was a reference to the fact that while the Soviet Union provides all its own personnel in this country, from janitors to ambassadors, the United States hires Russians for many jobs at U.S. facilities in the Soviet Union.

The report went on to say that while administration officials say they are committed to fixing the problem, little effort has actually been seen.

In fact, President Reagan used his Saturday radio broadcast on June 29 to say the United States should "reduce the size of the hostile intelligence threat we're up against in this country." In the same broadcast, the president said that "we need a balance between the size of the Soviet diplomatic presence in the United States and the U.S. presence in the Soviet Union...."

At the State Department, however, an official involved with the issue says there's no plan to reduce the size of the Soviet contingent in this country. As far as the balance discussed by the president goes, consideration is being given to replacing some Russian workers in U.S. facilities with Americans "when we can afford it and it will contribute to embassy security."

This has been the department's longstanding approach to the question.

The Soviet Union has about 320 persons officially associated with its embassy here and consulate in San Francisco, about evenly divided between diplomats and support personnel such as chauffeurs and janitors. The U.S. counterintelligence community estimates that perhaps as much as 40 percent of the total is composed of professional spies.

The United States has 185 Americans officially working at its embassy and consulate in the Soviet Union, nearly all diplomats. Moscow has not put a limit on the number of Americans it will allow, but the United States capped the Soviet presence here at 320 in 1980 as a response to the Soviet invasion of Afghanistan.

These figures do not count the number of Soviets assigned to the United Nations in New York or such changing numbers as trade delegations and the like that allegedly have been used as covers for spies.

In total, according to the FBI, there are approximately 4,300 officials from the Soviet Union, Soviet bloc countries, Cuba and the People's Republic of China in the United States. It is estimated that 30 to 40 percent of them are intelligence professionals.

The arrest on spy charges of for-

mer Navy warrant officer John A. Walker Jr., two relatives and a former Navy colleague sent shock waves through both the military and the counterintelligence communities. Mr. Walker was arrested May 21 in Montgomery County after the FBI said he left a plastic bag with classified documents for a Russian contact. That contact was apparently a Soviet diplomat seen in the area of the drop, the FBI says.

John Walker's brother, Arthur, was convicted Friday of seven charges involving espionage.

"The Walker case reinforces our longstanding concern about the extent and scope of Soviet espionage activities in this country," said Sen. Patrick J. Leahy, D-Vt., vice chairman of the Senate Intelligence Committee.

Mr. Leahy and Sen. William S. Cohen, R-Maine, have written an amendment to the State Department authorization bill to limit the number of Soviet diplomats and embassy personnel in this country to the number of Americans in similar positions in the Soviet Union.

In introducing the measure to the Senate, Mr. Leahy said it would speed the reduction of the approximately 200 Russians employed by the U.S. embassy in Moscow and consulate in Leningrad.

It would, as well, he said, require "action to be taken to draw down the numbers of Soviet diplomatic and consular representatives in the United States."

The State Department opposed the amendment, saying the limits on its flexibility in carrying out its own staffing process "could be harmful to U.S. interests."

Last week, the amendment survived in the final version of the State Department authorization bill. The administration has six months to come up with a plan for evening out the numbers.

"It doesn't mean you're going to stop spying here," Senator Leahy told a TV interviewer. "There's no way you could pass a law to outlaw the Soviets spying here, but you could certainly cut down the number of those who have diplomatic immunity and give the FBI a fighting chance. Right now, they don't have that."

According to William Colby, former director of the Central Intelligence Agency, "A good way to handle the Soviets is strict reciprocity. In other words, if we have 10 people,

Continued

WASHINGTON TIMES  
5 August 1985

# Monday's People

## Spoken word, and then some



William Colby

Words, words, words. Speaking is the agenda and the main order of business at the 154th annual convention of the International Platform Association today through Friday at the Mayflower Hotel. Former CIA director William Colby, former ambassador to France, Evan Galbraith and magician-illusionist Harry Blackstone Jr. are among first-day speakers.

By the time the IPA convention winds up, among those joining them at the microphone will be Joan Mondale, wife of the former vice president, Walter Mondale; Sen. Robert Dole, R-Kan.; Rep. Claude Pepper, D-Fla.; J. Peter Grace, former CIA director Stanfield Turner, Malcolm S. Forbes Jr., Jeane Dixon, David Hartman, Dick Cavett, Douglas Fairbanks Jr. and singer-songwriter Teddy Pendergrass.

ON PAGE  
PARADE SECTIONWASHINGTON POST  
4 August 1985

# What Do You Do When You Get Fired?

BY SUSAN BRAUDY

**William Colby, CIA director 1973-1976.** In 1975, President Gerald Ford fired William Colby as chief of the Central Intelligence Agency. Colby stepped down in 1976.

When Colby took over the CIA, he acted against such practices as opening citizens' mail. The agency had been looking at U.S. citizens' mail to the Soviet Union since 1952, when, Colby says, "we were worried about atomic spies." He explains: "I told Congress—in a *secret* report... what had gone on... I was trying to show that the CIA was not [hiding] under every bed in the country... But my secret report leaked... *The New York Times* published an article that launched a full Congressional investigation. I was fired. Afterward, I wrote *Honorable Men*, in which I show the CIA is basically a good outfit. I'm writing a book about Vietnam, where I worked for the agency for years." He also runs an international investment consulting firm.

"Sure," Colby says, "it's a shock to be fired, but it's the end of a job, not the end of your life."



AP Wire World  
William Colby. Fired as  
director of the CIA.

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ON PAGE 102**

## LEADERS

July, August, September 1985

# Intelligence for Business Leadership

**By William E. Colby, General Partner,  
Colby, Bailey, Werner and Associates**

The intelligence process is traditionally considered to be a system of collection of information, especially in the more exotic form of espionage. Since espionage is by definition illegal, one wonders how intelligence can then be reconciled with business. In fact, intelligence has grown far beyond its earlier identification with espionage. Today, masses of information flow to intelligence centers and are exchanged among them. The triumphs of modern communication and other forms of high technology have now created the information age with its ability to report instantaneously the most obscure details concerning most of the world.

Technology has also produced new techniques for assembling and accessing information, from electronic communication to satellite photography to computer data banks. In government intelligence circles some of the techniques remain secret, but at the same time much of the substantive information acquired is released to provide the information necessary to public debate. An example of this is current Soviet nuclear weaponry, weapons the Soviets consider secret but which we learn about through secret means and about which our Department of Defense reports to the public on a regular basis.

The intelligence process also comprises a third step, which is probably least well-developed in government, but which is easily achieved in the private sector. This is the application of information collection and analysis to the particular problem faced by the decision maker. In business, if the analysis is not relevant to the decision maker, he will not purchase the service. Thus the incentive for private enterprise is to focus intelligence support on the business leader's questions. These may include specific bureaucratic, regulatory or cultural problems a business may face, as well as broader political or economic trends. The business leader is also as much interested in opportunity as danger, so the business intelligence process must identify the positive as well as negative implications.

The usual business situation requiring an intelligence assessment is an investment or acquisition abroad, reflecting a company's desire to expand

or diversify its operations into a new and promising market. But before acting on the basis of a market survey alone, the prudent executive should insist on a look ahead at the political and economic environment of the market nation. The result may be more subtle than a simple go-no-go decision, as the investment may be structured to limit the investor's exposure. Or the assessment may reassure that an apparent threat, such as the election of a Socialist government, will not in fact result in nationalization.

Thus the business leader has access to a vast collection of facts about the modern world, assisted by remarkable advances in communications, information storage, and energetic reporting services. As many business leaders can attest, however, the results can be less than satisfactory as the flood of data can be difficult to order and absorb.

A new industry of intelligence analysis for business purposes now exists in the United States. In all cases the process is essentially judgmental, depending upon a broad background of experience not only with the area and subject but with the techniques of analysis. The process also includes the second opinion familiar to the medical profession, an independent assessment, acquired from a separate source, to check the reliability of the first judgment. When uncertainties exist they must be identified, even highlighted in alternate projections of contradictory scenarios, to warn the business leader of the degree of risk he is assuming by relying on one or another judgment about a future development.

For the business leader the important thing is to recognize the need for the full intelligence process as he faces a decision. He must not be satisfied with a simple assurance from his regional manager that there is a bright and happy future in a given country and that all of his friends in the Western-oriented business class feel that things are in good shape despite some problems in the countryside.

Either as a function of the business operation itself or through outside consultants the decision maker must insist upon a meticulous examination through the full intelligence process, i.e., collection of the information, analysis of the implications, and application to the particular decision. In this way the business leader can take advantage of the enormous growth of the intelligence process in America in these last few decades. He can at least identify the degree of risk he faces even when he is not truly certain

*Continued*



of a result, so that he can measure the gain he must anticipate as justification for assuming the risk involved. In this way he can not only demonstrate due diligence in his responsibilities, but true wisdom in his decisions. ●

**William E. Colby**

TIME  
8 July 1985

## The Problems with Retaliation

*Four ex-CIA chiefs weigh the options for countering terrorism*

STAT  
STAT

Frustration and anger over the TWA hijacking have fed the desire to find some way to do to terrorists what they are doing to American citizens. Why not, in future crises, threaten and perhaps take the lives of hijackers? Might swift retribution deter terrorists, or at least punish them? What about covert counterterror, the capacity to identify and eliminate terrorists, pre-emp-

singer (DCI from January through June 1973) was Secretary of Defense from 1973 to 1975. William Colby (DCI, 1973 to 1976) ran the highly controversial Phoenix counterinsurgency program in Viet Nam from 1968 to 1971. And at the request of Annapolis Classmate Jimmy Carter, Stansfield Turner (DCI, 1977 to 1981) came to the CIA from a career in the Navy. Their interviews with Talbott follow.

### RICHARD HELMS

It is very important to keep these incidents in perspective and not get so incredibly worked up over them. Terrorism, of course, is a serious challenge, and we must do our best to deal with it. But to declare a "war on terrorism" is just to hype the problem, not solve it. The quiet, steady approach is better than bombast.

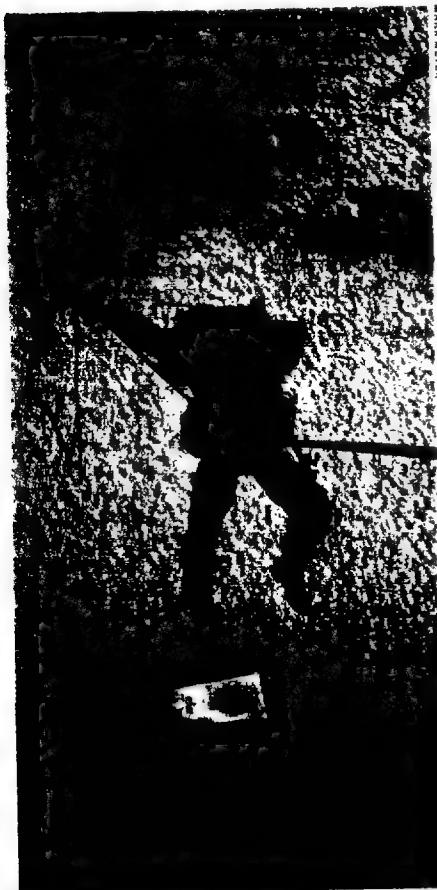
As for assassination, it's just not on. The people of the U.S. won't stand for it. In fact, there are problems with all levels of violent action. Let's say the Delta Force puts on masks and goes in and blows up an installation around Beirut. We've violated the sovereignty of Lebanon and killed a lot of people in cold blood. Are they terrorists? You'll have a lot of argument about that, just on our side alone.

What if you send in a coup-de-main group of civilians [a hit team]? If it comes out that they were Americans—and it takes no time at all for that kind of thing to unravel in public—you're facing all sorts of allegations.

If, instead, the blow-and-burn stuff is done by surrogates whom you've trained in the black arts and given a suitable cover, there is a whole other set of problems. If you've recruited them from dissidents who have an ideological motivation, they may be very hard to control. You may think you've called the operation off and wake up one morning and find out they've gone and done it anyway.

Let's say we have reason to believe that Khomeini or Gaddafi is behind some terrorist act, so you decide to strike by attacking the Iranian oil fields or a Libyan air force base. In the latter case, you've now got all the Arabs against you. Saudi Arabia, Egypt and the moderates will feel immense pressure to line up with their Arab brethren. We've got to get used to the disagreeable fact that there really is no quick fix for terrorism. What we do need is improved intelligence work against terrorist groups. Penetration can help derail the nasty stuff. When I was in the agency, the CIA penetrated the P.L.O., and we helped head off several terrorist acts, including an assassination attempt against Golda Meir.

We also need improved cooperation among free-world intelligence services. As long as we have a leaky Congress and a leaky oversight process, friendly services



Navy strike team trains in California

"If there are casualties, so be it."

tively or in retaliation? TIME Washington Bureau Chief Strobe Talbott put these questions to four former directors of the Central Intelligence Agency. All agreed that the U.S. should move vigorously and effectively to oppose terrorism but not adopt assassination as an instrument of policy.

Each of the former CIA chiefs has had other experiences that bear on the current challenge. Richard Helms (Director of Central Intelligence from 1966 to 1973) spent many years in the CIA's clandestine services and was Ambassador to Iran from 1973 to 1976, so he knows about Shi'ite fundamentalism firsthand. James Schle-

*Continued*

WASHINGTON POST

24 June 1985

ARTICLE APPEARED  
ON PAGE A-1

# Controversy at Cosmos

## *Oath Opposing Women Members Required*

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By Sandra G. Boodman

Washington Post Staff Writer

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The officers of Washington's posh Cosmos Club thought they had finally found a way to defuse the embarrassing controversy over admission policies that has simmered for more than a dozen years. Their solution: to require prospective members to sign an oath stating they will not seek to change the bylaws that exclude women.

Rather than squelching a debate its officers characterize as "unseemly," however, the policy seems likely to revive the furor over letting women join the elite social club that was founded 107 years ago for "men of accomplishment." Among its 3,100 members are Supreme Court Justice Harry A. Blackmun and William E. Colby, former director of the Central Intelligence Agency.

The Cosmos Club is not tax exempt, and thus is under no legal obligation to admit women. Last year the club, located in an ornate Embassy Row mansion valued at \$5.1 million at 2121 Massachusetts Ave. NW, paid nearly \$104,000 in real estate taxes, city records show.

Within days after the policy was announced earlier this month by the club's board of management in its eagerness to "restore a tranquil and sociable atmosphere," the Committee of Concerned Members of the Cosmos Club, a group favoring the admission of women, hinted it might challenge the policy in court. A lawsuit, Samuel P. Hayes, leader of the Committee of Concerned Members, warned in a recent letter to the board, "could hardly take place without undesirable publicity."

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*EXCERPTED*

ASSOCIATED PRESS  
9 June 1985

## WHAT ARE AMERICA'S MOST COVETED SECRETS

By HENRY GOTTLIB  
WASHINGTON

An American Army officer once joked that a way to stymie Soviet spies would be to feed them all 19.6 million classified U.S. documents, requiring them to spend years sifting the entire pile - much of it useless.

While no one in the Pentagon has taken the suggestion seriously, many intelligence experts agree that the key to espionage is quality, not quantity; that some top-secret leakage harms U.S. security but much of does no damage at all.

What intrigues some analysts about the alleged spying by former Navy communications specialist John Walker Jr. and a band of associates is that the secrets Walker could have passed to the Soviets appear to range from very valuable to highly "perishable" information that wasn't very important.

On the issue of intelligence in general, "there's no laundry list of what's the most important, but it is possible to distinguish between what is highly valuable and what is marginally dangerous if lost," said James J. Townsend, a Soviet affairs expert at the Georgetown Center for Strategic and International Studies.

Highest in value, according to Townsend, would be information that would reveal to the Soviets U.S. sources of information on what the Soviet military machine is doing.

For example, the most damaging loss to U.S. intelligence would be exposure of any well-placed U.S. spies in the Kremlin, or the revelation of U.S. techniques of direct intelligence gathering on Soviet operations.

"The highest priority of any intelligence operation is to find out where the leaks are," Townsend said.

It is for this reason that when spies are discovered, an effort is often made to turn them into double agents or dupe them into passing useless or inaccurate information to their masters.

There are also electronic means of monitoring a potential enemy, and the seriousness of the Walker case stems from his possible access to codes, jamming techniques and other surveillance measures that might have helped the Soviets know how America tracks their ships, Navy officials have said.

Beyond the category of spy vs. spy and the question of how the United States gathers intelligence electronically, the most vital secrets are those that could inform an enemy of a U.S. military vulnerability. Former CIA Director William E. Colby, in a telephone interview, referred to such information as "chinks in the armor," that any country would be desperate to hide.

Pentagon and Capitol Hill sources revealed on Thursday that the CIA is studying whether the Soviet Union can detect and track America's nuclear missile-firing submarines.

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NEW YORK TIMES

6 June 1985

# Money Said to Have Replaced Ideology as Main Spy Motive

By IRVIN MOLOTSKY

Special to The New York Times

WASHINGTON, June 5 — "Money is the dominant reason" Americans now choose to spy for the Soviet Union, according to Stansfield Turner, a former Director of Central Intelligence.

Admiral Turner, who served in the Carter Administration, and other former officials concerned with national security agreed in separate interviews today that ideology was no longer the main reason Americans commit espionage, as it was in the 1940's and 1950's.

They suggested it was much more difficult to capture a spy acting for financial gain than those who do it for reasons of ideology. The current spy case involving three members of the Walker family was broken only after the former wife of one took her story to the authorities.

## Ideology in Rosenberg Case

Perhaps the most famous case involving ideology in the United States was the one that led to the execution of Ethel and Julius Rosenberg, a case that still stirs sharp argument over their guilt today, 32 years after their execution. They were the only Americans ever executed in the United States after a civilian trial for espionage, having been convicted of transmitting nuclear weapons secrets to the Soviet Union.

Another was the perjury conviction of Alger Hiss, a former State Depart-

*The arcane language of espionage:  
Washington Talk, page B14.*

ment official imprisoned when he denied charges brought against him by Whittaker Chambers. Mr. Hiss has long denied guilt.

William E. Colby, who headed the Central Intelligence Agency from 1973 to 1976, said the Hiss case and the Philby-Burgess-Maclean spy ring case in Britain involved activities that occurred "when the Soviet Union represented antifascism and there were a lot of ideological recruits."

Ideology as an espionage motive fell off with the Hitler-Stalin nonaggression pact and later with the information provided by Nikita Khrushchev when he denounced the horrors of Stalin's regime, Mr. Colby said.

## More Potential Recruits

The current investigation, involving John A. Walker and others, presents problems typical of those that the United States must deal with these days, the intelligence experts said.

"John Walker is a money case," Admiral Turner said.

Gene R. LaRocque, a retired admiral who is director of the Center for Defense Information, a group often critical of the Reagan Administration, said the development of spying-for-money was dangerous because the field of potential recruits is so much larger.

"The ideologues are few in number," he said. "The people who want a little more cash are legion."

Griffin B. Bell, the Attorney General in the Carter Administration, said changing values were also having an effect in a number of recent spy cases.

"With the breakdown in values, partly because of Vietnam and partly Watergate, and a looseness in general discipline, both social and organizational, secrets are held in much more contempt," Mr. Bell said. "The 'me' generation and 'I'll make it on my own' have led to recent circumstances that have been financially based."

Asked to review the spy cases he knew about as the nation's chief prosecutor, Mr. Bell said, "I don't know of any ideological recruits."

## Few Leads With Money Cases

A knowledgeable intelligence source, who would not permit use of his name, had this appraisal:

"In counterespionage, if you can identify ideological groups, that's wonderful. But when it's pure cash for sale, you don't have any leads. It makes searching for the agents much more difficult, if not impossible."

Morton Halperin, a Pentagon and National Security Council official from 1966 to 1969, agreed that ideology was no longer the main motive for espionage and said this undercut the notion that the Government should investigate the ideological past of Americans.

"The people convicted in the past seemed to have acted out of political reasons," Mr. Halperin said. Now, he said, it would seem to matter less that a person was once a member of the Communist or Socialist Party, or the Americans for Democratic Action.

## Prosecution Policy Change

Mr. Halperin is now director of the Center for National Security Affairs, which deals with security and civil liberties matters and has been critical of Reagan Administration policies.

Another change noted by Mr. Halperin was that the Government was now prosecuting people who spy for money.

"In the past," he said, "the Government would make them double agents or feed them false information. That would cast doubt on the information they had sent previously. Also, if you prosecute, you blow your double agent."

Mr. Haiperin noted that it was Mr. Bell who, as Attorney General, had changed that policy.

Mr. Bell said he had decided to prosecute such cases because "I always thought we were going to have to have more sentences to do something about it."

"We do need to have more trials, more examples, more long prison terms," he said, "if we are going to bring it under control."

**ARTICLE APPEARED  
ON PAGE 9-B**

WASHINGTON TIMES  
4 June 1985

STAT

# Vernon Walters

## *Debunking the image of mysterious lone wolf*

By Deborah Papier  
THE WASHINGTON TIMES

The lone wolf. Furtive, mysterious. A creature of the shadows, moving stealthily through those nether regions of the diplomatic world where the light of publicity never shines. This was the reputation Vernon Walters developed — some would say cultivated — in four decades of service to the United States as a military intelligence officer, deputy director of the CIA and special State Department envoy.

But Vernon [Dick] Walters, who two weeks ago became Jeane Kirkpatrick's replacement as ambassador to the United Nations, doesn't have much patience these days with that cloak-and-dagger image.

"It's bunk," he says. "The lone wolf creeping around; that's an overdone legend. I've been highly visible for a long time. I could show you a box as large as this coffee table filled with cassettes of public speeches I have made in various parts of the United States."

"I have not been publicity-seeking," he continues. "I don't seek the limelight, because I find I can work more effectively if I don't. But I don't shun it either. This idea of my fleeing and hiding ... as I said at the press conference the day I was nominated, I have never traveled under a false name, I have never used a passport that was not made out in my name; and unlike many of the people in this room I could say that I'd never registered in a hotel under any name but my own."

The point that Mr. Walters wishes to make is that he is not some mole suddenly forced, at the age of 68, to adjust to a life above ground. He does not see his new post as representing a radical change in direction for him, but rather as a natural culmination of a long career in foreign affairs that involved him in most of the important events of our time, from the implementation of the Marshall Plan in Europe after World War II and the founding of the Organization of American States, to the Paris peace talks with the North Vietnamese and the normalization of relations with the People's Republic of China.

"The reason why I do not feel awestruck by this job," says Mr. Walters, "is that everything I've been doing for many years has been in direct preparation for it. For 44 years I've been serving the United States all over the world. I've translated for six presidents. I would venture to say I've probably been involved in world affairs longer than any of my predecessors in this job."

"I think Walters comes to the job running full-speed," says former Secretary of State Alexander Haig, for whom Mr. Walters worked as a special envoy. "He'll have no learning process. He's fully abreast of all the international issues, has been involved in the evolution of those issues. He will garner a level of respect that may be unprecedented in the history of that post. I would anticipate he will be the most effective U.N. ambassador we've had in recent years."

Former President Richard Nixon goes even further, saying that Mr. Walters is a "world-class strategic

thinker," and that this skill, combined with his linguistic talents (he speaks eight languages), makes him "the best-qualified American ambassador to the United Nations since the organization was founded."

Despite Mr. Walters' qualifications for the post, the course from his nomination to his confirmation was not a smooth one. He was nominated by President Reagan in early February. Six weeks later, it was reported that he was prepared to turn down the assignment unless he could be guaranteed the same access to National Security Council meetings that Jeane Kirkpatrick had, access that Secretary of State George Shultz evidently wished to deny him.

"It was not a matter of personal pique," says Mr. Walters. "I felt that if the position were diminished my voice would be muted, and it was not in the interest of the United States to have a U.N. delegate with a muted voice. I also thought that coming on the withdrawal from UNESCO, it could be interpreted as the United States' giving up on the United Nations, turning its back on it."

It is still not clear exactly how much access to the National Security Council Mr. Walters will have, but he professes himself content with the disposition of that particular issue.

"I've been told that the terms of reference of my job are exactly the same as [those of] my predecessor, which is perfectly satisfactory to me. A great many newspapers indicated that I had accepted a downgraded job, a lessened job, and that's just not true."

*Continued*

ARTICLE APPEARED  
ON PAGE 72U.S. NEWS AND WORLD REPORT  
20 May 1985

# "Information Boutiques"— Intelligence for a Price

**Former government agents,  
academics are striking gold by  
selling guidance about foreign  
developments to business.**

## NEW YORK

A few years ago, an ex-CIA agent walked into the headquarters of Security Pacific Bank in Los Angeles and said his new company could provide useful information. He knew, for example, that Spanish officials were lying about their country's inflation rate. "I was amazed," recalls Richard Kjeldsen, the bank's international economist. "I thought he would be talking about people running around with Molotov cocktails—not economic affairs."

Now, such visits are commonplace as former State Department officials, academics and espionage agents, plus business executives with international connections, sell their expensive insights into the twists and turns of foreign economic and political events:

For companies needing guidance about foreign lands, there is no lack of sources—

- A dozen large corporations pay \$2,000 a month for Oxford Analytica, an Oxford, England, service that issues electronically a daily news analysis.

- InterMatrix Group of Westport, Conn., charges \$400,000 a year for a data-base service giving in-depth assessments of specific issues and countries.

- For something over \$100,000 a year, Henry Kissinger will explain nu-

ances of international affairs to corporate chieftains. His firm cloaks itself in mystery—the door to its Manhattan offices says merely "Suite 1100."

In Washington, a multitude of one-time Central Intelligence Agency directors and operatives have formed similar companies. Former CIA Director William Colby spends part of his time working for International Business-Government Counsellors, Inc. Richard Helms, another ex-director, advises clients such as the Bechtel Group on Mideast security matters. Andrew Falkiewicz, once

assistant director of the CIA under George Bush, runs a company called Dunedin Corporation with five former CIA analysts.

Alexander Haig, former Secretary of State, likewise trades his knowledge of foreign leaders for a fee, as do many lesser ex-State Department officials.

Cox, Lloyd Associates, a New York research house, estimates that businesses in 1984 spent 3 billion dollars on news and information—a figure that increases about 10 percent each year. Though the bulk of that money goes for conventional news and financial-information services, Connie Cox, president, notes that scores of "information boutiques" with revenues of less than 2 million dollars now offer what could be described as private intelligence. Observes Cox: "It's enough to keep a number of people living comfortably."

What information is worth that kind of money? A Long Beach, Calif., organization called Business Environment Risk Information predicted in December of 1980 that President Anwar Sadat of Egypt would be assassinated within a year or two. Ten months later, the prediction came true.

BERI also forecast an Iraqi invasion of Iran nine months before it occurred. Yet it said India's Prime Minister Indira Gandhi stood only a 10 percent chance of assassination—adding that if she were killed, a military takeover would ensue. Gandhi was later murdered, and there was no military coup. BERI charges \$144 a year for a newsletter and \$400 per country for specific reports.

**Humble pie.** Dunedin Corporation correctly forecast the results of local West German elections that led to the victory of Chancellor Helmut Kohl in

1982. Bank clients of Dunedin were interested in local elections because of business dealings at those levels. But Dunedin did not expect Mikhail Gorbachev to take over the Kremlin leadership. "Despite the fact that we spend a lot of time dealing with the U.S.S.R., I am humble in our ability to predict things that come out of the Politburo," says Falkiewicz, who served in the Foreign Service in Moscow.

Kissinger gave Merck & Company advice that France under François Mitterrand would be tough on foreign businesses. At that time, the Rahway, N.J., drug firm was considering a substantial investment there. Despite Kissinger's warning, says William Van Buren, vice president and secretary of Merck, "we decided it warranted additional private investment."

Sometimes, these information services wield too broad a brush for their clients. James Bisch, a senior vice president of Chase Manhattan Bank, says he would like Oxford Analytica to focus more on the business ramifications of its reports. But, in general, "we're quite satisfied," he adds.

Though former CIA and State Department people abound in these organizations, they disclaim use of clandestine methods to gather information, or reliance upon contacts at Langley or Foggy Bottom. "If asked," says Thomas Bolle of Dunedin, "we tell clients we are not a conduit for confidential information." He says that Dunedin relies on the experience of senior associates "who have spent a lot of time in their specific areas of responsibility."

Kissinger obtains insights from his continual global travels and friendships with influential figures. Others such as InterMatrix have local contacts they query for analyses.

**Timing a key.** Corporations pay well for information though it may be available for 50 cents—the cost of a business newspaper. Timing is one reason. Many services claim to have contacts inside governments. They say they can alert clients to events before they become public. "Since day one," says Walter Wriston, former Citicorp chairman, "people have wanted to know something first, whether it's a crop failure in Argentina or the amount of money the Treasury is going to raise." Citicorp is often solicited by private intelligence experts but relies on its own staff abroad.

Yet many businesses do need guidance on unfamiliar topics or nations. Daniel Sharp, director of international relations at Xerox, says the appeal of information-consulting services is that they help his company follow the business environment abroad. A good ser-

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ARTICLE APPEARED  
ON PAGE 3-A

WASHINGTON TIMES  
13 May 1985

# MORNING BULLETIN

## Events of note

Here is a selection of the many Washington events which may be making news in the week ahead:

*EXCERPTED*

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• Wednesday: The Andrei Sakharov Institute and The Jefferson Educational Foundation will honor Mr. Skaharov with a conference, dinner and concert (Capitol Hill).

Former CIA director William Colby will deliver a lecture at the National Archives on "The Constitution and the CIA."

*EXCERPTED*

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~~AMERICAN HERITAGE  
ON PAGE 48~~WASHINGTON TIMES  
6 May 1985SOCIETY / Betty Beale

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EXCERPTED

Former CIA director Bill Colby and his bride of five months, former ambassador to Barbados Sally Shelton, being toasted by Esther and Jack Coopersmith. Said Bill, recently divorced from wife Barbara, he met Sally two years ago and tumbled. She's v.p. of Banker's Trust for Latin American business. He's now business consultant. They have an apartment in New York and house here.

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ON PAGE 1, PAGE 1

LOS ANGELES TIMES

1 May 1983

## Women Speak Out in a Nuclear World

# The Majority That's No Longer Silent

By BEVERLY BEYETTE, Times Staff Writer

"We sit here," the speaker said, "30 minutes away from some missile in the middle of Siberia—targeted on Los Angeles, I'm sure."

It was not a frame from "Dr. Strangelove, Part II." It was the first Los Angeles Women's Conference on National Security. And the speaker, William E. Colby, director of the Central Intelligence Agency from 1973 to 1976, was addressing the question: "Can We Trust the Russians?"

### Boosting Participation

The conference Friday and Saturday at UCLA was a 12-hour, \$40 crash course in Soviet-American relations, arms control strategies, the pros and cons of "Star Wars," the economics of defense and the specter of nuclear proliferation.

The stated objective of the sponsoring Committee for National Security, a Washington-based private nonpartisan, nonprofit group, was "to educate a broad spectrum of women about national security issues and to encourage them to participate knowledgeably in . . . decision-making processes."

CNS director Anne Cahn is on record as favoring "a mutual moratorium on the further testing of nuclear weapons" and it appeared that many at this regional forum, which had its peak attendance of 250 at Friday's opening session, were in sympathy with a freeze philosophy.

Why a women's conference on national security? One reason, Cahn said, is that it is an area of policy-making from which women have traditionally been excluded. Another is the special viewpoint that women bring to debate on the issue—for example, re-examining national security in the context of how arms buildup affects social and economic conditions.

It was a somewhat fragmented forum, offering a glut, or what one speaker referred to as a "cumulative overlap," of statistics on guns and butter, megatonnage potential of state-of-the-art nuclear warheads, the Gorbachev mind-set and prospects for the arms control negotiations under way in Geneva.

(It is significant, perhaps, that the principal conference speakers

were men and that only one person, a questioner in the audience, mentioned that none of the U.S. negotiators at the table in Geneva are women.)

When the last speech had been presented, Lynn Greenberg of the Thursday Night Group, a Santa Monica-based nuclear education organization, told conferees, most of them women, "This is your chance to stop listening to experts and to become one yourself." Her appeal for ideas for constructive action brought responses ranging from a women's mission to Moscow to talk with Russian women, to formation of study groups on Russian history, culture and politics.

### 'Scared . . . or Relieved'

But, bombarded with conflicting information, many of the women seemed to be thinking what Ruth-Ann Mead of Brentwood, a book-keeper for a television production company, later expressed: "I don't know who to believe on what subject. . . . I don't know whether

to be more scared or more relieved."

A prevailing theme was the importance of citizen participation in decision-making. It is vital, said Cahn, that the collective wisdom be "the rudder" of U.S. policy.

Cahn poured a single pebble from a tennis ball can into a saucepan, explaining that the ping represented the total megatonnage of all bombs dropped during World War II. Then, pouring a canful of pebbles into the pan with a great clatter, she said that is what is available today.

Said Cahn: "We, you and I, have to ask what is it all about? What is it all for? We have tolerated and endured. Now we need to confront and to change."

Keynoter Paul C. Warnke, chairman of the Committee for National Security, former director of the Arms Control and Disarmament Agency and in 1977-78 chief U.S. negotiator at the SALT arms control talks, said:

"I don't believe that (citizen input) is either a sign of weakness . . . nor is it necessarily a formula for anarchy. I think instead that

informed public debate, public participation in policy-making, creates more coherence. It tends to blunt the extremes."

Warnke emphasized that he was not suggesting that the public take part in the day-to-day, nuts-and-bolts decisions, explaining, "I don't think (for example) that most Americans really feel that they have the information to determine whether or not we ought to stay in UNESCO. I think most Americans couldn't tell UNESCO from UNICEF or Uniroyal or Unisex."

### Issues of Survival

But, Warnke said, "The issues that should engage public attention are the key issues of the use of U.S. military force and the question of strategic arms policy. These are basically the issues that have to do with peace, with survival."

Warnke added: "The sorry history of the MX (missile) certainly provides no confidence that we can rely on the expert judgment of those who from time to time are in the positions of power."

The "Star Wars" (Strategic Defense Initiative) debate did not have, as had been promised by moderator Dan Caldwell of Pepperdine University, the pyrotechnic punch of the film, but it was not without its moments.

Thomas Eitzold, assistant director for multilateral affairs in the Arms Control and Disarmament Agency and, as he pointed out, the only political-level representative of the Reagan Administration among the speakers, called the "Star Wars" controversy "a mixture of good physics and ill will. . . . of extraordinary proportions."

In the long run, Eitzold said, "I think the President's Strategic Defense Initiative is going to seem conservative, in the most proper sense," in that it conserves deter-

rence as a basis for security and emphasizes increased reliance on defense and decreased reliance on nuclear offense.

At the very least, he added, the proposal provided the impetus for the Soviets to return to negotiations on real reductions in both strategic- and intermediate-range

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ON PAGE A-21

WASHINGTON POST  
28 April 1985

# China-S. Korea Trade Is Booming

## *Ships of Ex-Enemies Carry \$800 Million in Goods Yearly*

By John Burgess  
Washington Post Foreign Service

TOKYO—Although officially still at war, South Korea and China are now engaged in trade estimated at up to \$800 million annually. The exchanges are increasingly open and they now extend beyond commerce to official contacts.

China and South Korea fought each other during the 1950-53 Korean war and have never officially made peace. But ships bearing the red star of the Chinese merchant marine can sometimes be seen at South Korean docks these days, unloading oil, coal and yarn for textile factories.

Across the Yellow Sea, South Korean vessels are frequent callers in ports on the China coast, bringing consumer goods that China is providing its people as part of modern-

ization programs. Television sets, radios and textiles are common items.

The trade began in secrecy in the 1970s, often using Hong Kong middlemen and faked documents. Today, wraps are slowly coming off, and ships sometimes sail directly between the two countries, which are only about 200 miles apart.

Commerce has grown to the point that cargo routed through Hong Kong alone in the first 11 months of 1984 was worth at least \$300 million and estimates of the total for 1984 run as high as \$800 million.

Trade has smoothed the way for government-to-government contacts. In the view of many analysts, the Peking-Seoul thaw has helped raise chances for serious dialogue between the intensely hostile governments of North and South Ko-

rea, although few expect dramatic breakthroughs.

If China is beginning to treat South Korea as a legitimate neighbor, the reasoning goes, it is probably counseling its ally North Korea to do the same. South and North next month are to resume talks on family reunions and economic cooperation.

The officials who run South Korea's export-fueled economy still routinely refuse to discuss the trade. Nonetheless, a Korean version of China fever is taking hold in Seoul. Traders are studying Mandarin. Former CIA director William Colby was in the city earlier this year to address a seminar on China's economy.

"The Koreans believe that China is the only large market left for the future," said one Seoul analyst who follows the trade closely.

\* \* \* \* EXCERPTED

Special correspondent Dinah Lee contributed to this article from Hong Kong.

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WASHINGTON TIMES  
16 April 1985

# DIANA HEARS

*EXCERPTED*

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Q: What's everyone else gossiping about?

A: Al Neuharth of Gannett — which already has USA Today, for heaven's sake — rumored rarin' to launch a Washington DC rag... CBSer Bill Paley and journaliste extraordinaire Lally Weymouth — she's Kay Graham's daughter — as an Item... Rose Marie Bogley's "Before" party. It was flung last weekend at her newly-acquired, 706-acre Bolling Brooke estate in Virginia Hunt Country. (Remember, darlings? It belonged to Edwin Wilson, the ex-CIAer who's now in the pokey.) Washington city-mice dragged on jeans and boots to trundle out there and munch chicken, admire the old slave school — soon to be a pool-house — and eyeball the knockout part-pre-Revolutionary, part-pre-Civil War mansion stripped-down to its plaster... The Little Dinner that Madisonmeister Marshall Coyne's tossing for Jeane Kirkpatrick on Thursday... The bubbly-and-chocolate binge Esther Coopersmith's flinging to celebrate the hitching of ex-CIAer Bill Colby and Sally Shelton... The Prez bowling out to help his barber, Milton Pitts, celebrate 20 years snipping at the Sheraton-Carlton yesterday... And Nancy Reagan's Hair Man Robin Weir jumping into the fray, to pick out the Top Ten Best-Groomed Men In Washington. The envelope, please: President Ronald W. Reagan; Father Gilbert Hartke of Catholic U; Sen. Bob Dole of Kansas; Sen. Jay Rockefeller of West Virginia; Pat Buchanan, Assistant to the Prez; Prince Bandar, Ambassador from Saudi Arabia; George Will, columnist; KenCenner Peter Sellars; the lone baldie, Willard Scott the Weather Man (but Robin doesn't say if he means with or sans the rug); and Jim Rosebush, Nancy Reagan's Chief of Staff. Madame Earie is proud of them. And proud of Robin. And proud of his flack, Mary-Jo Campbell, who probably dreamed it up. And proud of *herself*, for not being too proud to use it. Another day's Gossip Quota filled! Tons more tomorrow.

4  
NEWSWEEK  
15 April 1985

The Legacy of Vietnam

# 55 Days Of Shame

**After 58,000 men had died, after billions of dollars had been squandered, America's crusade in Vietnam dwindled down to the rooftop rescue of a few Marines with a mob of abandoned allies howling at their heels.**

It was just after 6 o'clock on the morning of April 30, 1975, and only 11 Marines were left on the roof of the U.S. Embassy in Saigon. The door to the rooftop helipad was locked and barricaded, but on the other side Vietnamese pounded away at it, springing the hinges and cracking open the door. Clouds of tear gas billowed from the top of the six-floor embassy, and gunfire rattled randomly in the streets below. *They are not coming back for us*, thought Sgt. Steve Schuller. *We really are stuck here*. The man in charge, Maj. James Kean, never doubted that a helicopter would come back for his desperate dozen. But the Marines on the roof had no radio, and for nearly two hours there was no sign of another chopper.

Kean remembers telling his men to lie down so that they wouldn't be seen from below. Schuller recalls that he set up a machine-gun emplacement facing the door. "We knew eventually they were going to break it down," he says now. "So we half-assed a gallant last stand." Someone passed around a bottle of Johnny Walker Black. Just before 8 a.m., they watched as riot police escorted the country's latest and last president, Duong Van (Big) Minh, down Thong Nhut Street to the Presidential Palace. Then the Marines spotted their helicopter, a CH-46. They signaled to it with smoke grenades—"everything we had," says Schuller, "green, yellow, red." The pilot made a couple of passes, dodging small-arms fire from the ground, and finally settled onto the pad.

By now the door to the roof was six inches off its hinges. Kean ordered his men to throw tear-gas grenades into the stairwell. The ploy bought precious time, but the copter's whirling blades sucked up the gas, momentarily blinding the Marines and their rescuers. Kean and his men scrambled aboard, and the CH-46 lifted off. First there was a dizzying plunge; then the chopper clawed for altitude and fluttered off toward the U.S. fleet waiting in the South China Sea. Aboard the helicopter, the Marines found a PRC-25 radio. Its buzzer went off, and a laconic

years of bitter divisiveness at home, America's crusade in Vietnam dwindled down to the rooftop rescue of a few Marines, with a mob of abandoned allies howling at their heels.

Americans of the age will never forget the televised pictures of their countrymen dodging potshots from abandoned allies as they scrambled out of Vietnam. The French had left Saigon in 1954 after a flag-lowering ceremony on a parade ground; in 1975 the Americans sneaked outside after dark to lower the embassy flag for the last time. How could the enormous U.S. enterprise in Vietnam simply collapse like a house of cards? Why couldn't Washington at least negotiate a dignified withdrawal? Such questions are still alive in the minds of survivors. Merritt Stark, for years a public-health adviser in Vietnam, lost his 26-year-old daughter, Laurie, in the crash of a plane load of orphans in the final days. He is still searching for "a number of answers" about Vietnam. "If we got the answers," he says, "this would be a lot more commemorative to [those] who died than putting up some statue or memorial in Washington."

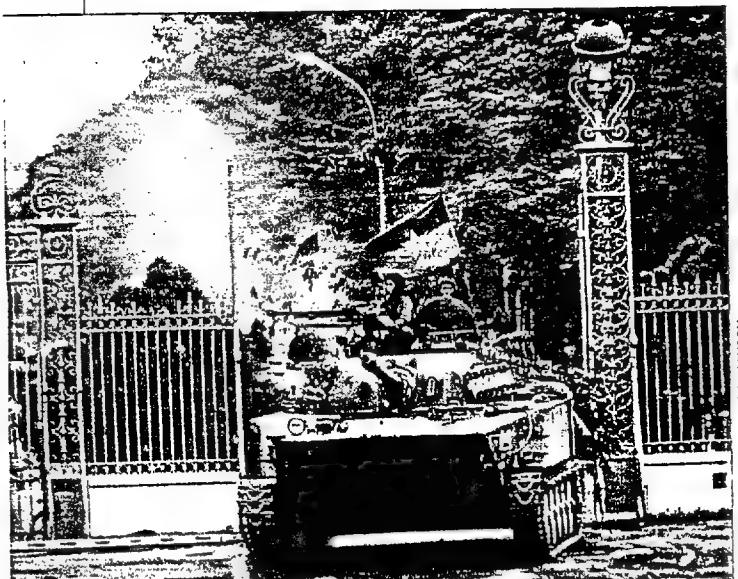
The art of deflecting blame reached new heights after the fall of Saigon. In an early book, Frank Snepp, a former CIA analyst in Vietnam, blamed his station chief and his ambassador for neglecting to organize an orderly U.S. withdrawal while there

↙  
You have my assurance that we will respond with full force should the settlement be violated by North Vietnam.  
Richard Nixon  
in a letter to President Thieu  
January 1973

was still time. The ambassador, Graham Martin, still blames Washington for cutting short the helicopter evacuation—and thus for leaving hundreds of Vietnamese friends in the dust.

And Martin joins Henry Kissinger and others from the Ford administration who blame Congress for a fatal cutoff of U.S. military aid before the final offensive. Richard Nixon is another forceful spokesman for the blame-Congress school. "When we signed the Paris peace agreements in 1973, we had won the war," Nixon maintains in a combative new book. "We then proceeded to lose the peace."

There is plenty of blame to go around. In their nation's most critical hour, Saigon's President Nguyen Van Thieu waffled, his opposition plotted another coup and key generals fled from the battlefield ahead of their troops. It is odd that few of the Wash-



FRANCIS DEMERLEUR—GAMMA-LIAISON

UNOPPOSED: ENEMY TANK ATTACKS THE PALACE

**ARTICLE APPEARED  
ON PAGE 4B**

BALTIMORE SUN  
15 April 1985

# Senators collaborate on spy thriller

**WASHINGTON (AP) — A U.S. senator travels to Miami and Amsterdam on secret missions designed to unravel connections between the assassination of John F. Kennedy, organized crime and a renegade terrorist squad inside the walls of the Kremlin.**

**He investigates the mysterious death of an aging Mafia chieftain and later meets with an internationally known assassin.**

Truth or fiction?

The answer begins at 3 a.m. on a pre-dawn morning in July, 1980, when real-life Senators Gary Hart and William Cohen found themselves drinking coffee in the Senate Dining Room, bored and exhausted during an all-night filibuster on an issue both have forgotten.

Mr. Cohen: "I said to Gary, 'If you were not a senator right now, what would you rather be doing?'"

Mr. Hart: "I'd rather be in Ireland writing a novel."

Mr. Cohen: "You can't go to Ireland, so why don't we write a novel?"

And so "The Double Man" was born on the back of a large U.S. Senate manila envelope.

Over the next hour, Mr. Hart, a Democrat from Colorado, and Mr. Cohen, a Republican from Maine, crafted a spellbinding story sending the hero, Thomas Chandler, through a byzantine maze of super-power politics and murderous intelligence operations.

Mr. Hart and Mr. Cohen, who have both been members of the Senate Intelligence Committee, finished the story outline all the way to a surprise ending that catches the reader off guard, and opens the question of whether to expect a sequel. They say no.

During the four years following that July meeting in the Senate Dining Room, the project intermittently flared to life, especially in 1981 and 1982 when most of the writing was done. But there were interruptions; each ran for re-election and Mr. Hart sought the presidency.

Mr. Hart and Mr. Cohen, who has published one book of poetry and has another in the works, say that when they had the time to work on the book, the writing went smoothly, with no significant conflicts.

And the publisher, William Morrow and Company, remained interested.

Not until late last year was the final twist of plot complete, and it turns out that there is as much truth as fiction in the book.

In the summer of 1975, Mr. Hart was pursuing links between the Mafia, Fidel Castro's Cuba, and the

assassination of President John F. Kennedy.

Returning through Amsterdam from a trip to Moscow, Mr. Hart secretly arranged with then-CIA Director William Colby to meet with a hired assassin, code-named, QJWIN, to develop leads on the Kennedy killing.

Mr. Hart's description of the attempted meeting closely parallels the same episode in "The Double Man," except in the fictional version the meeting actually takes place.

"He [QJWIN] was living in Europe at the time," Mr. Hart said. "Colby sent over a high level operative who made contact with him, and we got him from the country he was living in Europe."

Unfortunately, the professional assassin got cold feet.

"There were a whole series of mysterious events, and he bolted," said Mr. Hart. "I showed up at the bar where we were supposed to meet between 12 and 1 in the morning. And he had left."

In the end, Mr. Hart said, the assassin found out that Mr. Hart was involved in investigations of the CIA and decided to flee Amsterdam an hour before the scheduled clandestine meeting with the senator.

Then, there was Mr. Hart's solo trip to Miami in 1973 to investigate the deaths of Mafia figures Johnny Roselli and Sam Giancana. Mr. Roselli had testified before the special Senate committee to investigate CIA abuses in the 1960s, while Mr. Hart was a member of the panel. Like a Mafioso figure in the book, Mr. Roselli disappeared suddenly and his body was found stuffed into a 55-gallon oil drum found floating off Florida.

The deaths of Mr. Roselli and Mr. Giancana were mysterious, said Mr. Hart, because at the time Mr. Roselli had retired and there

was no apparent motive for his death beyond his testimony before the Senate committee.

"I went to Miami," recalled Mr. Hart. "It was when Roselli was killed. I talked to the Miami Police Department."

Mr. Hart tried to keep the trip quiet and recalls that he probably traveled under a pseudonym. "I was there less than an hour when I got a call from a reporter asking why I was there," he said with a laugh.

In the book, the hero also goes to Miami where he uncovers evidence that the Soviet spy agency, the KGB, is competing with the Mafia by selling narcotics in the United States to raise money for terrorist acts.

Mr. Hart also tried unsuccessfully to arrange a trip to Havana for a secret meeting with Cuban President Fidel Castro. After several meetings with the Cuban delegate to the United Nations, the effort collapsed because the State Department declined to cooperate.

Neither author has illusions about the serious literary merit of their book. Nor are there plans for a movie or television production.

"It's just a hell of a good story," says Mr. Hart. "We were conducting an experiment to see whether two elected officials could collaborate on a work of fiction when neither one of them had ever done it before."

And when Mr. Cohen is asked if there is a moral to the novel, he recalls that the book opens with a bomb attack by the KGB on an American secretary of state's limousine on a tree-lined picturesque route through Washington called Rock Creek parkway. The secretary's wife is killed instead.

So the moral, Mr. Cohen says with a chuckle, is, "Stay off Rock Creek Parkway."

STAT

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ON PAGE 1-B

WASHINGTON TIMES  
5 April 1985

# DIANA HEARS

**N**ETWORK FEVER ... Gary Hart almost hit ABC's little whoop-de-do here, celebrating Ted Koppel's five years manning "Nightline." But his office buzzed first. What about the Star Quotient? they asked. Would Joan Collins or Linda Evans be there? Well, no, said the ABCers. So Gary didn't go. But it all got quite peppy anyway. Barbara Walters flew in specially, with chum Roy Cohn. The South African Ambassador and ABCer Ken Walker — who'd been to South Africa with Ted — grinned at each other. Assorted twinklies from the Soviet Embassy swapped vibes with the two newlywed ex-CIAers, Bill Colby and Stansfield Turner. Mr. Demo, Bob Strauss, howdied with Republican honcho Frank Fahrenkopf. Roone Arledge, the ABC news Prez, and honoree Ted Koppel languished in the receiving line for two whole hours, as acolytes tripped up bearing their drinks. "Room Service!" cried David Brinkley when his turn as cupbearer came. (Or was it "Roone Service"? Everyone laughed and laughed, anyway.) "They put me next to the door in case I say something embarrassing — so I can be yanked back through it," said Ted. But of course, he didn't. He said *super* things. To Nouveau Republican Jeane Kirkpatrick: "Did they immerse you in Chablis for the

Conversion?" To someone else: "It's inevitable that anyone who squeezes bathroom tissue on television is going to become a celebrity!" As A-Listers like Cap Weinberger and John Block and Sam Pierce and Maggie Heckler trundled in, Roone waved his unlit Castro Cuba cigar. ("Peter Ueberroth got it for me while he was trying to squeeze Cuba into the Olympics," he explained.) Pollster Pat Caddell, his piebald beard all wild and whiskery, bobbed by to pay homage to the Tubers, then darted off to another party to cheer Fritz Mondale back aboard his law firm. Marvin Stone, ex-editor of US News and World Report, and Shelby Coffey, the new one, beamed at each other with wary bonhomie, like wolves who've just sorted out which one runs the pack. Arthur Miller, the legal eagle for Good Morning America, grumbled that Gossip Norma Nathan had spilled the beans on his wife suing him for divorce before he'd even gotten the papers. (That, Arthur, is what gossips are for.) And stock gadfly Evelyn Y. Davis, who owns bits of ABC, went round flashing her very fine face-lift, and darkly warning that ABC Veeps will bite the dust by the dozen now that Capital's bought them. "How do you shut this goddam party off?" Ted finally enquired. No good, Ted. It's still humming on, somewhere in Washington. Stick with Ear.

# Cloak and dagger boys are here to stay

By JOSEPH VOLZ

Washington (News Bureau)—The killing of Maj. Arthur Nicholson by a Soviet sentry while Nicholson was photographing tanks in East Germany last week raises a question: Is it worth risking humans to gather intelligence in an age when sophisticated space satellites can count the shingles on a Kremlin roof?

Is the human spy becoming obsolete?

Ralph McGehee, who spent 25 years as a field officer with the Central Intelligence Agency, answers yes:

"I don't think you can get anything more in the way of technical intelligence from military people than you can from various satellite programs. I think military intelligence justifies its budget and manpower by claiming human intelligence is important."

BUT PENTAGON and State Department officials say that on-the-ground intelligence is indispensable.

Former CIA Director William Colby says that intelligence agencies "absolutely" need human sources.

He told the Daily News last week, "We can get a great deal from satellites but there are subtleties of readiness and discipline that can only be observed by humans. Human intelligence is part of the total."

Satellites, despite their ability to take pictures and infrared readings, have limits. The spy satellites are only over a target 15 minutes on each orbit. They cannot take pictures from 100 miles up if the site is covered by clouds and they do not have

the ability to take pictures of anything inside a building—as Nicholson apparently was doing immediately before he was killed.

THE SOVIETS also have become adept at putting together a schedule of when the satellites will fly over so they know when to wheel supersecret equipment into sheds.

The United States continues to use high-flying spy planes such as the SR-71 Blackbird, but they have many of the same limitations as satellites.

A high-ranking Pentagon official says of the on-the-ground spy: "There is no substitute for this kind of intelligence. You don't get as good information from space as from being at the scene."

Other officials say the military man on the scene not only can snap closeups of new equipment but, if lucky enough to get close to, say, a new tank, can also scratch it and take a sample of the paint—or even of the metal. Studying new alloys used in tanks is necessary to develop anti-tank warheads for missiles and shoulder-borne anti-tank weapons.

NOT ALL of the intelligence gathered by human operatives comes during clandestine missions, however. One official noted last week that some of the best intelligence the United States receives comes from military attaches aggressively probing Iron Curtain counterparts at cocktail parties.

The Soviets, too, place great importance on the use of their military attaches. For example, Soviet Lt. Gen. Yevgeny Barmyantsev was booted out of the United States in 1983 for spying.

Barmyantsev was trying to retrieve what he thought were stolen American secrets from a Maryland tree trunk when the FBI caught him.

Yet, the cost of the U.S. military attaches working for the Defense Intelligence Agency is a drop in the bucket compared to what the Pentagon spends for its huge National Security Agency operation, with headquarters at Fort Meade, Md., 20 miles north of Washington. The NSA uses at least 100,000 servicemen worldwide to man listening posts on the ground as well as on planes and ships to tune in radio transmissions and phone calls.

THE ANNUAL cost for this intelligence gathering by NSA is a staggering \$10 billion, compared with about \$1.5 billion for the next largest snoop shop, the CIA.

The NSA overheard radio transmissions of Egyptian field commanders before the 1973 Arab-Israeli conflict and knew that the war was coming.

NSA has also been able to intercept virtually any microwave message around the world. Overseas messages bounced off a communications satellite can be picked up and sorted out by NSA. If analysts want every satellite message mentioning "Jones," an NSA computer can do it.

To try to do the same job just a decade ago, the NSA had to send FBI and defense intelligence agents to the downtown Washington offices of international communications companies to pick up the carbons of every message sent overseas.

THE VERY ability of NSA to sweep up so many messages and transmit them back to Fort Meade is a nightmare

for intelligence analysts. They often complain that NSA supplies so much undigested material that the important items can get lost in the deluge.

There have been major foulups. One official recalled that during the Vietnam War

NSA picked up a conversation from North Vietnamese troops who knew a team from the south was going to infiltrate. But by the time analysts back in Washington got to look at the material, the team had already been infiltrated—and killed.

It is almost impossible for anyone to conduct on-the-ground intelligence gathering in the Soviet Union, given the closed nature of its society. Americans don't go wandering unobserved around the country and defense attaches have been expelled after being caught peering over fences with their cameras. As a result, satellites end up doing much of that job.

IN FACT, Defense Intelligence Agency estimates on just how much the Soviets are spending on defense are based not so much on work by military attaches as on satellite photos, remarkably accurate, of how many new tanks, planes and ships the Soviets have produced.

Despite their limits, though, human snoops such as military officers doing so-called legal espionage and CIA officers handling networks of agents will remain on the U.S. payroll for some time to come.

One reason is obvious: The Soviet Union shows no inclination to retire its own spies.

*CIA 1.01 Colby, Wm.  
CIA 4.02 Satellites  
CIA 2.04.1 Budget*

2  
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WASHINGTON TIMES  
21 March 1985

# DIANA HEARS

THE RISING SAP... Jingle those bells, again. Admiral Stansfeld Turner, Jimmy Carter's CIAmeister, has quietly shed Patricia, his mate of 30 years. This weekend — smack after her divorce from Sgt. John Gilbert, USAF, sailed through — Stansfeld up and married Ellie Karin Gilbert, his secretary. Ear, of course, always cheers for Amour. But it worries, too. Didn't Big Bill Colby, that other ex-Superspoak, shuck a spouse exactly that way last year, before his happy hitching with Sally Shelton? Is there some Funny Substance in the Langley waterworks? Watch out, Bill Casey. Everyone else, just watch.

~~ARTICLE~~  
~~CHARGE 20~~CHRISTIAN SCIENCE MONITOR  
19 March 1985

## INTELLIGENCE OPERATIONS

# US is beefing up its covert activities

By Peter Grier

Staff writer of The Christian Science Monitor

Washington

In the late 1940s, the US Central Intelligence Agency (CIA) provided funding for guerrilla fighters in China, Albania, and the Ukraine section of the Soviet Union. These operations — among the first covert actions by the agency — were but minor annoyances to their communist targets.

Forty years and much experience later, and half a world away, the United States is involved in "covert" operation, this one highly controversial. The country in question is Nicaragua; the US allies are an estimated 7,000 to 12,000 *contras* fighting their country's ruling Sandinista regime.

As covert actions go, this is a modest affair. But intelligence experts say that since there is no national consensus on overall US policy in Central America, aid to the *contras* has raised old questions about when and where secret action is justified.

It has also focused attention on the capabilities of US intelligence agencies, which are rebuilding after the budget and staff cuts of the mid-1970s. Covert action, after all, represents only a small fraction of what US intelligence does. Today, there is much debate among experts about the quality of the major portion of US intelligence work — research and analysis.

"There have been some successes, and some significant improvement in the quality of US intelligence," says a former military intelligence officer. But this source adds that there is still a tendency for reports to be too bland.

The US has long been ambivalent about the means required to produce good intelligence.

There is something about this attitude was expressed by State Henry Stimson down an operation that demonstrates on the theory that each other's mail."

But the fact is the US has been the not-quite-gentlemanly vening in other nations' following World War II, the der the table to Christian and moderate worker groups throughout Western Europe to help keep the region from turning to communism. Paramilitary teams of partisans were dropped behind the Iron Curtain.

In the '50s, US envoy Kermit Roosevelt and a suitcase of money helped topple Iranian Prime Minister Mohammad Mossadeq, restoring the more pro-Western Shah Muhammad Reza Pahlavi to his throne. A somewhat gaudier campaign in 1954, including covert ra-

dio broadcasts and US-supplied warplanes, deposed Guatemalan head of state Jacobo Arbenz Guzmán (who had expropriated US corporate property).

Then came the Bay of Pigs. The US-backed partisan invasion of Fidel Castro's Cuba in 1961 was a military and propaganda flop.

By the mid 1970s, these and other operations had come back to haunt the CIA. A pair of congressional committees, angered by what they perceived as CIA abuse of power, proposed a number of reforms, most aimed at tightening control over the agency.

These committees considered a blanket ban on covert action. They backed off, however, after deciding the US did need a foreign policy tool in between mere speech and sending in the Marines. "We decided there were circumstances where you wanted to do it," says an academic source who was a staffer on one of the panels.

But the CIA, branded a "rogue elephant" by the public investigations, was not eager to rush back into undercover actions. When President Carter took office in 1977, he inherited "zero" covert actions, according to his director of Central Intelligence, Adm. Stansfield Turner.

President Carter and Admiral Turner eased the CIA back into secret operations. This process has continued under the Reagan administration and its agency director, William Casey. By most accounts, Mr. Casey is a director preoccupied with covert action. Under his direction the CIA proposed (but did not get) such an action against the small South American country of Suriname, intelligence sources say.

The largest "covert" operation currently being run by the US ("It is a little bizarre to be debating covert action in public," says former CIA director William Colby) is probably its

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ON PAGE 7-A

PHILADELPHIA INQUIRER

9 March 1985

# U.S. negotiators leave for Geneva amid hope, caution

By James McCartery  
*Inquirer Washington Bureau*

**WASHINGTON** — President Reagan dispatched his new team of arms control negotiators to Geneva yesterday, declaring that the United States has "set out on a new path toward agreements" to "radically reduce the size and destructive power of existing nuclear missiles."

But the President conceded in a statement at the White House that "we should have no illusions that this will be easy" and that "we know our differences with the Soviet Union are great."

A new round of arms control talks with the Soviet Union is scheduled to open Tuesday in Geneva, 15 months after the Soviets walked out of an earlier series of negotiations.

Reagan pleaded for "patience, strength and unity" as necessities for success, adding: "Like Americans everywhere, I want these negotiations to succeed. . . . I pray that the Soviet leadership is prepared to make the same commitment."

Since January, when the two countries agreed to resume talk, Reagan has reorganized his negotiating team. He named Max M. Kampelman, a conservative Democrat, as top negotiator, with former Sen. John G. Tower (R., Texas) and veteran foreign service officer Maynard M. Glitman the two main negotiating subordinates.

Reagan said goodbye to them and a large group of advisers and members of Congress who are accompanying them, with a formal statement for television cameras.

"Since the dawn of the nuclear era, all God's children have lived with the fear of nuclear war and the danger of nuclear devastation," he said.

"Our moral imperative is to work with all our power for that day when the children of the world can grow up without the fear of nuclear war."

He said that above all, the United States seeks agreement "as soon as possible on real and verifiable reductions in American and Soviet offensive nuclear arms."

The United States, he added, is ready "to negotiate fair and equitable agreements reducing the dangers of nuclear war and enhancing strategic stability."

The Geneva talks will include a new category of negotiation on defense and space weapons that will deal with the President's proposal to develop a space-based missile defense system, the Strategic Defense Initiative, nicknamed "Star Wars." The meetings will also deal with long-range strategic arms and intermediate-range weaponry.

The negotiators left Washington late yesterday and were expected to arrive in Geneva this morning.

White House national security adviser Robert C. McFarlane, who attended Reagan's meeting with the negotiators, said the President told them that the strategic balance between the two countries had gotten "out of kilter" in recent years as a result of Soviet weapons programs.

He also told them that the Soviets had established "a poor record of compliance" on earlier arms control agreements but that the United States should be flexible and willing to "meet the Soviet Union halfway" in the talks, McFarlane said.

Over on Capitol Hill, the administration pressed its case for funds for the MX missile program by linking the issue to the Geneva talks, amid some signs its effort would succeed.

The State Department's top arms control adviser, Paul H. Nitze, warned a Senate panel that the United States would be vulnerable at Geneva without that approval.

Nitze told the Senate Appropriations subcommittee on defense that it is essential that "we convince the Soviets that, as a country and alliance, we stand united."

"Congressional support for the MX will send just such a message to Moscow," he added. "It will send a strong signal of national resolve and will greatly strengthen our hand in Geneva."

Opponents continued to reject the administration's effort to link the MX vote with the Geneva arms control talks.

Former CIA Director William Colby called the weapon "irrelevant" to the outcome of the arms control talks.

And Senate Minority Leader Robert C. Byrd (D., W.Va.) dismissed the argument that rejecting the MX would send a sign of weakness to the Soviets as the same kind of "hot rhetoric" used when U.S. troops were in Lebanon.

It appeared, however, that Reagan's strategy was making major inroads into the opposition. Some congressional sources said the administration's tactic of linking the vote on the missile to the Geneva talks was "masterful." They predicted it would carry when Congress votes this month.

"Six weeks ago I would have said the MX was dead," said one opponent. "Now I'm afraid the President is close to getting it."

COLBY JOINS FOES OF MISSILE  
WASHINGTON

Former CIA Director William Colby on Friday joined congressional opponents of the MX missile, saying the weapon is irrelevant to the likely outcome of arms control talks beginning next week in Geneva.

Colby was at a news conference along with Rep. Les AuCoin, D-Ore., another MX opponent who said the missile has become the "glass jaw" of the American strategic defense system.

AuCoin compared the MX to the U.S. Navy fleet bombed at Pearl Harbor by the Japanese on Dec. 7, 1941.

If the United States builds and installs the MX in Minuteman missile silos, AuCoin said this country will be saying, "Come attack me. Land a hard one on my glass jaw."

Colby, now a Washington attorney, was CIA director in the 1970s. He has been a supporter of the nuclear freeze movement.

He said the MX will not be a bargaining chip in the Geneva in part because only the Reagan administration, and not the Soviet Union, places a high priority on whether the 10-warhead weapon should become an integral part of U.S. strategic weapons strategy.

"The Soviets have put all their emphasis on 'Star Wars,'" Reagan's proposed space-based defensive strategic system, Colby said. "They have hardly mentioned the MX."

Colby disputed administration arguments that the MX is needed to bolster the American position in the arms talks. The former intelligence chief said he believes the president intends to complete production of at least 100 MXs whether or not they are vulnerable to a first-strike Soviet attack.

"When they are in the ground, they will just stay there," Colby said.

E19NEW YORK TIMES  
17 February 1985ABROAD AT HOME  
Anthony LewisSilence  
By  
Lawsuit

BOSTON

**B**ritain's Official Secrets Act must be one of the most thoroughly discredited laws in the Western world. The act makes it a crime to disclose any Government information without official approval, even if the purpose is to expose wrongdoing. It intimidates the press and limits public discussion of policy.

Hard as it is to believe, the Reagan Administration is now trying to impose on the United States a replica of the Official Secrets Act. Few have noticed, because the Administration is moving crabwise toward that objective. It is not asking Congress to pass a law: Congress would say no. Instead it is seeking silence by an ingenious lawsuit.

The vehicle is the strange case of Samuel Loring Morison, a Navy employee who worked at an intelligence center in Suitland, Md. With the Navy's consent, Mr. Morison also did part-time work for Jane's Fighting Ships, the annual British survey of the world's fleets, and for its paper Jane's Defense Weekly.

Last October Mr. Morison was arrested for having sent Jane's Defense Weekly three U.S. satellite photographs, classified secret, of a Soviet aircraft carrier under construction. He was charged with violating the Espionage Act and the law against theft of Government property.

The charge is what makes this case so important. For it takes a press leak of the kind that goes on all the time in our Government and treats it as "espionage." If the Reagan prosecutors win on that theory, then ordinary leaking will become a grave crime and the United States will have a draconian Official Secrets Act.

The Espionage Act was passed by Congress during World War I to deal with just that: transmittal of defense secrets to an enemy. Only once before now has it been used in a journalistic context, against someone who turned over material for general publication. That was the ill-starred 1971 prosecution of Daniel Ellsberg and Anthony Russo for giving the Pentagon Papers to the press — which was dismissed because of Government misconduct.

Exactly the same is true of the law on theft of Government property. Only once before, in the Ellsberg-Russo prosecution, has there been any claim that leaks to the press amount to stealing property.

The Reagan Administration has made very clear that it wants to use the Morison case for large repressive purposes. The prosecution, in court papers, has brushed aside the idea that it should have to prove a subversive intent on Mr. Morison's part, or indeed any bad motive.

Even if Mr. Morison was motivated only by "a desire to expose obvious wrongdoing in high official circles," the prosecutors said in a memorandum, he was guilty of espionage and theft when he sent the photographs to be published. The memo brushed aside arguments that Mr. Morison must be shown to have acted with knowledge, or reason to believe, that he would be aiding a foreign power or harming the United States.

The sweep of that argument is not hard to understand. The Government classifies millions of documents every year, most of them containing no real secrets. The fact that our satellites can photograph the Soviet Union foot by foot, for example, has been well publicized — and the Government itself has published satellite pictures of such things as airports in Nicaragua.

It is a commonplace of Washington life to leak classified but not truly dangerous items. The technical aircraft and space magazines are filled with them in every issue. Indeed, it is only the publication of such material that permits essential discussion of such things as new weapons.

If the Reagan Administration can use the Morison case to turn leaks into crimes, it will have made a radical change in the American system. William E. Colby, the former Director of Central Intelligence, said in

1979 that Congress "has drawn a line between espionage for a foreign power and simple disclosure of our foreign policy and defense secrets, and decided that the latter problems are an acceptable cost of the kind of society we prefer."

Living with leaks as a price of freedom has not in fact weakened American society. Just think of Britain, with its Official Secrets Act, by comparison. Has British policy been wiser with public debate on crucial issues dampened? Has Britain been more successful in stopping true espionage?

The Morison case cries out for explanations. Why would the Reagan Administration want the United States to adopt a failed British system? Why not go to Congress if it wants such a law? And why has the American press paid so little attention to this dangerous threat? □

25 January, 1985

4

# Ex-C.I.A. Aide Tells Jury of 'Self Deception' by U.S.

J By M. A. FARBER

George W. Allen, a former deputy chief of Vietnamese affairs for the Central Intelligence Agency, testified yesterday that the production in late 1967 of a "misleading" intelligence estimate on enemy strength in South Vietnam was part of a broader "self deception" by the Administration of President Lyndon B. Johnson regarding progress in the war.

Mr. Allen, testifying for CBS in the trial of the libel suit brought by Gen. William C. Westmoreland, said the White House had tried to "head off mounting public opposition to the war" in the summer of 1967 through a "massive public-relations campaign to influence, exaggerate and misrepresent."

It was in this context, Mr. Allen said on cross-examination in Federal District Court in Manhattan, that he once described a dispute over the enemy strength estimate as "making a mountain out a molehill."

"I was referring to the fact that the production of this dishonest estimate was only a small part of that bigger issue, that bigger exercise by the Administration, which in fact, caused its loss of credibility," Mr. Allen told the jury. And that effort, he said, "produced an area of self-deception to the extent that neither the Congress, nor members of the Administration, nor the population was prepared for the psychological impact mounted by the Communist forces on an unprecedented scale" during the Tet offensive in January 1968.

## Played 'the Good Bureaucrat'

Mr. Allen, who retired from the C.I.A. in 1979 but still works under contract for the agency, portrayed himself as someone who had compromised his own integrity in 1967 and played "the good bureaucrat" until this case forced him to "cross the Rubicon" and confront his own failings and those of the Government.

But David Dorsen, a lawyer for General Westmoreland, suggested that the 58-year-old witness had tailored his testimony to help Samuel A. Adams, a former C.I.A. colleague who is one of the defendants at the trial before Judge Pierre N. Leval.

— Q. Isn't it a fact, Mr. Allen, that you are here testifying in order to help your old protégé, Sam Adams?

— A. That is not the case at all, Mr. Dorsen. I did not come to this courtroom simply to defend or come to the aid of a beleaguered former colleague of mine.

Mr. Allen, who completed his testimony yesterday as the second witness for CBS, said he wanted to assist the jury and the public in understanding "the responsibility that many officers in the intelligence community have, to insuring that honest estimates are presented to the policymakers."

Mr. Dorsen then brought out that, at the start of the second day of a pre-trial deposition in August 1983, Mr. Allen had asked to have the oath "to tell the truth, the whole truth and nothing but the truth" repeated for him. It was "the whole truth" part that he wanted "verified," Mr. Allen said then.

Yesterday, Mr. Allen explained that he told the truth on the first day of the deposition but hadn't listened to the oath when it was read. He said he had "lain awake" all the previous night "reviewing the seriousness of the situation and the events of the last 15 years," during which time, he said, he had "rationalized and been evasive" regarding the 1967 estimate on enemy strength in Vietnam.

Having the oath "reaffirmed" on the second day of the deposition, he said, "was a symbolic gesture by me that the time had come to stop dissembling, no matter what the personal embarrassment to me."

General Westmoreland's suit stems from a 1982 CBS documentary — "The Uncounted Enemy: A Vietnam Deception" — which charged that the general's command had engaged in a "conspiracy" to minimize North Vietnamese and Vietcong capabilities. As part of this "conscious effort," the broadcast said, the general removed the hamlet-based self-defense forces from the official listing of enemy strength known as the order of battle and refused to allow a current count for them in a 25-page special estimate for President Johnson in November 1967.

## Military 'Insignificance'

General Westmoreland contends that the documentary defamed him by saying he had lied to the President and the Joint Chiefs of Staff about the true size and nature of the enemy. He testified that he deleted the self-defense forces — newly estimated in 1967 at 120,000, an increase of 50,000 — because he had come to believe that they were insignificant militarily and that reference to the higher number would mislead Washington and the press.

In addition to Mr. Adams, who served as a paid consultant for the documentary, the individual defendants in the case are George Crile, the producer of the broadcast, and Mike Wallace, its narrator.

Under questioning yesterday by Mr. Dorsen, Mr. Allen acknowledged telling Mr. Crile in early 1981, when the producer's investigation was getting under way, that he would not appear on the documentary if it attacked the C.I.A. Mr. Crile, Mr. Allen said, assured him that that was not his intention.

"Did Mr. Crile tell you that 'I'm a journalist and I can't make any promises till I hear all the evidence?'"

"Not as you worded it," Mr. Allen said. "But he told me that he had gathered considerable evidence against the military and was not at that time targeting the C.I.A."

Like Mr. Allen, Mr. Adams favored the inclusion of the self-defense forces in the order of battle and argued, at a series of conferences with representatives of General Westmoreland in 1967, that the total strength of the enemy should be estimated at about 500,000. The military successfully advocated a total of about 300,000 — which the documentary described as an "arbitrary ceiling."

Yesterday, as he had on Wednesday, Mr. Allen accused his superiors at the C.I.A. of "caving in" to the military.

Mr. Allen said the military had let the C.I.A. and other intelligence agencies know of the higher estimate for the self-defense forces. But the important thing, he said, was that the military would not permit that number to be included in the estimate for the President.

Mr. Allen conceded that he had not discussed the order of battle with General Westmoreland in 1967 and that, unlike Mr. Adams, he had not complained to a review board about the estimate for the President before it was signed and sent to the White House.

He also acknowledged writing a draft statement for an inquiry into the dispute in 1975 by the House Select Committee on Intelligence in which he said "I am not aware of any instance in which the C.I.A., as Mr. Adams suggests, deliberately modified its assessments on Vietnam to accommodate the policy interests of any administration." And he admitted testifying before the committee that he was "able to accept the final agreed-upon figures as reflected in the estimate" in November 1967.

Continued

A But Mr. Allen said that, under "instructions" by William Colby, then the Director of Central Intelligence, he had been "less than candid" with the committee.

"Make them dig," Mr. Allen said he was told by Mr. Colby and by Mitchell Rogovin, the C.I.A.'s general counsel.

The remark brought smiles to the faces of both Mr. Dorsen and David Boies, the lawyer for CBS.

"Had you on other occasions spoken to lawyers who gave you similar comments?" Mr. Dorsen asked.

Not like "make them dig," said Mr. Allen.

25 January 1985

# Former spy master says CIA essential agency.

By Nancy Price

Staff writer

"Hi, I'm Bill Colby," the bespectacled man said with a smile, reaching out to shake hands.

Where were the cloak and dagger? The hidden microphones in the hotel suite?

Could it be that this thin, gray-haired man with the professorial manner once parachuted behind Nazi lines into Norway and France, directed pacification efforts in Vietnam and headed the Central Intelligence Agency for four years?

William E. Colby seems like such a nice man. Who'd ever figure him for a master spy?

But don't be fooled by his mild-mannered demeanor. Colby started spying during World War II, and after joining the CIA,

served in Stockholm, Rome and Saigon as chief of the CIA's Far East Division.

Repercussions from Watergate forced President Nixon to reshuffle his Cabinet, leading to Colby's appointment as CIA director in 1973. Colby was removed by President Ford in 1976.

Colby, 64, now works as an attorney in the Washington office of Reid & Priest, specializing in international legal matters.

He was in Jacksonville yesterday to speak at Florida Junior College's Kent Campus. His talk, an insider's look into the CIA, was part of the Forecast '85 Lecture Series sponsored by the FJC Institute for Private Enterprise.

Colby, attired in a gray flannel suit and navy blue tie, admitted with dry humor that he is hardly a James Bond lookalike.

"I know what you're thinking: He doesn't look like a spy, with glasses and gray hair," he told his 500 listeners. "You're thinking, 'Where's the cloak? Where's the stiletto? Where's the blonde?'."

No, he said, his appearance was not a cover.

"The profession of intelligence is different than it used to be," Colby said. "And it was here in America that the changes were made."

After 1945, when spying behind the Iron and Bamboo curtains became more and more difficult, the United States turned to aerial photography, first with U-2 planes and later using satellites, he said.

Instead of sending a spy through Hong

Kong to the Manchurian border between the Soviet Union and China, "we can look down at the tanks, the aircraft and artillery assembled there. We know when they move from time to time. We know what 100 spies could not tell us."

In the mid-1970s, CIA operations underwent a metamorphosis — "we now insist on operating under the Constitution, not outside it," he said.

"Congress has two committees in the House and Senate that have the right to know what the CIA is doing. We have developed a special court, so we can go before a judge and get a

warrant to conduct an activity.

"If we run it this way, it's clear the decisions are American decisions — not a CIA rogue elephant running loose, and not just the president acting. And when congressional committees have put up barriers to certain activities, it has stopped certain activities."

In an interview yesterday morning, Colby said intelligence gathering and analysis is an essential function of the CIA and critical for the nation.

"You can't live in modern times without intelligence," he said. "The CIA is needed to collect information, analyze the world and make sensible

projections."

Colby, who said he supports the nuclear freeze movement, said arms negotiations would not be possible without CIA-supplied intelligence.

"So you've got to look at the pluses as well as the minuses," he said.

A CIA manual distributed to Nicaraguan rebels that advocated "neutralization" of enemies was a mistake, not an indication that the CIA is out of control, Colby said.

"Mistakes happen once in a while," he said. "If the Air Force makes the mistake of paying \$7,000 for a coffee pot, that doesn't negate the need for the Air Force."

The word "neutralization" was an unfortunate choice because it has several connotations, Colby said.

"In dealing with guerrilla problems, you have to think in terms of discrediting the leadership," he said. "The term 'neutralize' originally came from China. It didn't mean killing, it meant political neutralization — putting a dunce cap on those people to be discredited and making them ride around in a cart."

"It should not have been written using that term, because it has a double meaning. But it's hard to control the far ends of a guerrilla war. I should know — I've been in them."

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ON PAGE B-8

WASHINGTON POST  
22 January 1985

## *The TV Column*

The Military and the News Media: A Matter of Intelligence. A December 1984 debate on the issue of national security vs. the public's right to know. Based on a make-believe situation in which the U.S. decides to launch a secret spy satellite as an arms control treaty with the U.S.S.R. nears. (Coincidentally, the real-life dilemma posed by the identical circumstances became public a month later). Among the panelists: former Sec. of State Alexander Haig (who plays the president); attorney Floyd Abrams; former CIA directors William Colby and James Schlesinger (who plays the Sec. of State); federal judges William M. Byrne Jr. and Antonin Scalia; CBS Broadcast Group executive vice president Van Gordon Sauter (who plays himself in the mini-drama); Meg Greenfield and Fred Hiatt of The Washington Post; and Bill Kovach of The New York Times. 90 minutes (Channel 26 at 10).

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NEW YORK TIMES  
24 January 1985

## CBS Jury Told of C.I.A. 'Sellout' in '67

By M. A. FARBER

**A** George W. Allen, a former deputy chief of Vietnamese affairs for the Central Intelligence Agency, testified yesterday that the C.I.A. had "sold out" to the military in 1967 on the issue of enemy strength in South Vietnam and that President Lyndon B. Johnson had been given a "dishonest and misleading" estimate that fall.

Mr. Allen said in Federal District Court in Manhattan that Gen. William C. Westmoreland was "ultimately responsible" for "this prostitution" and that the C.I.A., by "going along with it," had "sacrificed its integrity on the altar of public relations and political expediency."

As a result, Mr. Allen testified, Washington was left "essentially with an inadequate understanding of what we were up against" in Vietnam.

During the Tet offensive of January 1968, Mr. Allen said, "the chickens came home to roost." He estimated that at least 400,000 armed troops took part in that attack — perhaps 100,000 more than the total enemy acknowledged by the military and the C.I.A. at that time. Mr. Allen said that, during 1967, he and some C.I.A. colleagues had actually argued for an enemy force estimate of about 500,000.

Mr. Allen, who retired from the C.I.A. in 1979 but still works under contract there, appeared as the second witness for CBS in the trial of General Westmoreland's \$120 million libel suit against the network.

### 25-Page Estimate for President

The suit stems from a 1982 CBS documentary — "The Uncounted Enemy: A Vietnam Deception" — which charged that the general's command engaged in a "conspiracy" in 1967 to show progress in the war by minimizing the size and nature of North Vietnamese and Vietcong forces. As part of this "conscious effort," the broadcast said, General Westmoreland removed the Vietcong's part-time, hamlet-based self-defense forces from the listing of enemy strength known as the order of battle and refused to allow a current count for them in the 25-page special estimate for the President in November 1967.

Mr. Allen — who testified Tuesday afternoon that the self-defense forces might have accounted for as much as

40 percent of American casualties in Vietnam — said yesterday that it was a "lie" that those units could not be counted accurately.

"We existed," he said, "to make estimates."

Mr. Allen seemed on the verge of laying part of the blame for the C.I.A.'s "sellout" on Richard Helms, who was then Director of Central Intelligence and who signed the estimate for the President.

Mr. Helms, he said at one stage, "made it clear to our staff that he was not prepared . . ." Judge Pierre N. Leval cut the witness off and called the lawyers to the bench for a private conference. Later, Mr. Allen said only that he heard Mr. Helms "express himself on more than one occasion" about the conflict with the military over the figures.

Mr. Helms is not expected to testify at this trial. In a pre-trial affidavit solicited by General Westmoreland's lawyers, he said that the "disagreement" over enemy strength was not "fundamental to the conduct of the war," that he was under no pressure from "the military or any other source" to accept low numbers and that the estimate he signed "represented the highest quality of intelligence analysis given the 'softness' of much of the data."

Mr. Allen said that, in 1975, when a Congressional inquiry was conducted into the dispute, he was told by William Colby, who had succeeded Mr. Helms, to be "guarded" in his House testimony.

Mr. Allen recalled driving to Capitol Hill with Mr. Colby and others on the day of their appearance. Mr. Colby, he said, looked at him and said he "didn't want to put ourselves in the position of attacking the military."

"I now see very clearly it was a whitewash," Mr. Allen told the jury, "and I regret I conformed." The C.I.A., he said, wanted to "sweep" the earlier conflict "under the rug."

General Westmoreland, who commanded American forces in Vietnam from January 1964 to June 1968, contends that CBS defamed him by saying he had lied to the President and the Joint Chiefs of Staff about the true size of the enemy.

The general denied a charge on the broadcast that he had imposed an "ar-

bitrary ceiling" of 300,000 on reports of enemy strength. He testified that he deleted the self-defense forces — newly estimated at 120,000 by his intelligence chief in 1967 — because he believed that they were insignificant militarily and that their inclusion at a higher number in the order of battle or the estimate for the President would be misleading.

Until the summer and fall of 1967, when the C.I.A. and the military quarreled over a new estimate, the military listed the enemy size at 298,000, including about 70,000 self-defense forces and the Vietcong's political cadre as well. The new estimate — which George Carver, who was then chief of Vietnamese affairs for the C.I.A., has testified was a "compromise" — put enemy military strength at 223,000 to 248,000, excluding the self-defense forces. Moreover, the political cadre was relegated to a separate listing, numbered at 85,000.

Yesterday, in response to a question by Judge Leval, Mr. Allen questioned the diversion of the political cadre. "They were armed and part of the enemy's command and not just a group of politicians carrying weapons," he said. "They would fit the term paramilitary, as I construe the term."

Earlier in the 15-week-old trial, Lieut. Gen. Daniel O. Graham, retired director of the Defense Intelligence Agency, testified that only 85,000 to 90,000 enemy troops took part in the Tet offensive. Other witnesses for General Westmoreland used a similar figure.

But Mr. Allen said yesterday that his figure of 400,000 troops was based on a trip he made to Vietnam in February 1968 with Gen. Earle G. Wheeler, chairman of the Joint Chiefs of Staff, and Philip Habib, a State Department official. The military's estimate for the units in the January offensive, Mr. Allen told the jury, was "a gross understatement" and excluded hundreds of assaults on hamlets by forces not listed in the order of battle.

Mr. Allen said he learned on his trip that in one region in Vietnam, where an intelligence officer in the field had reported that all but 3 of 33 enemy battalions had been wiped out before Tet — with the remaining 3 "cowering in sanctuary in Cambodia" — 45 battalions actually participated in the offensive "at essentially full strength."



The New York Times / Marilyn Church  
**George W. Allen testifying yesterday at libel trial.**

"In essence," he testified, "not only had 30 of them not been wiped out, but the 33 had been reinforced by 12 more."

Mr. Allen, who was calm and deliberate through most of his testimony, suddenly became agitated when he recalled an incident in April 1968 involving General Graham, who was then a colonel in General Westmoreland's command.

By that time, Mr. Allen said, the C.I.A. had "broken the constraints" of the military and was insisting, at a conference in Washington, on higher enemy force estimates. But Colonel Graham, he said, "embarked on another rambling attempt" to portray the self-defense forces as old women and boys "and not important."

Leaning forward in the witness chair and nearly shouting, Mr. Allen said he had challenged the point.

"You don't really believe that," he recalled remarking.

"Of course I don't, but it's the command position and I'm sticking with it," he said the colonel replied.

"That example of intellectual prostitution," Mr. Allen told the jury, was "a low point of my career — I left the conference."

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WASHINGTON POST  
24 January 1985

# Troop-Count Compromise Hit

## In CBS Trial, Ex-Analyst Calls CIA Agreement a Mistake

By Eleanor Randolph  
Washington Post Staff Writer

NEW YORK, Jan. 23—Former CIA analyst George Allen said today that a CIA compromise almost 18 years ago on enemy troop strength in Vietnam was "the mistake of the century."

Allen, a key defense witness for CBS Inc. in retired Army general William C. Westmoreland's \$120 million libel suit, called a 1967 agreement between the Central Intelligence Agency and Westmoreland's command on how many enemy troops were in Vietnam late that year "a prostitution of the intelligence process."

"I felt that my own professional integrity had been compromised by my going along with this particular estimate and that . . . the agency had sacrificed its integrity on the altar of public relations and political expediency by going along with the publication of a dishonest and misleading estimate," Allen said.

Allen, 58, who was a former deputy chief of Vietnam affairs for the CIA and is under contract to lecture on intelligence ethics at the agency, said he told CBS producer and co-defendant George Crile that Westmoreland "had the fundamental responsibility" for the "distortion of the [intelligence] process."

He said Westmoreland, commander of ground forces in Vietnam at the time, established a "command position" that listed enemy troop totals in the 1967 official roster at about 300,000 instead of as much as 500,000. The higher figure was proposed by the CIA and some of Westmoreland's Army intelligence experts.

Allen's firm defense of CBS came on the third anniversary of the broadcast at issue in this case. Called "The Uncounted Enemy: A Vietnam Deception," the program

accused Westmoreland of being part of an alleged "conspiracy" to keep a ceiling on enemy troop-strength figures in order to maintain support for the war.

Westmoreland, who has argued that the broadcast defamed him in saying he tried to hide the larger enemy count from superiors including President Lyndon B. Johnson, has testified that his officers dropped "home militia troops" from the official enemy count because

they were difficult to count and were "civilians" or "non-soldiers."

Allen said such troops should be considered dangerous in a the type of war waged in Vietnam. "The militia was organized in much the same way as our own militia had been during the Revolutionary War," he said.

Allen said the importance of the troop estimate became apparent in January 1968 when communist forces staged the Tet offensive, the series of attacks against virtually every major city and military base that became for many Americans a psychological turning point affecting their support for the war.

"This was the chickens coming home to roost," Allen said he told co-defendant Samuel A. Adams, who worked for Allen at the CIA in 1967 and early 1968. "Our having gone along with the dishonest estimate had contributed to the psychological impact on the administration of the Tet offensive," Allen said.

Allen said he spoke to Crile "more candidly and forthrightly" off camera than during the two interviews he gave the team working on the disputed documentary.

"I had some feeling of guilt about my involvement . . . and was reluctant publicly to acknowledge that guilt," Allen testified.

"I was not proud of my own involvement in this," he said, speaking firmly to the jury. "I was not

proud of the agency's involvement, and I just did not feel that I was prepared at that time to wash my own and the agency's dirty linen in public."

Allen said he felt that he was under similar constraints for the broadcast as those he said were imposed on him by then-CIA Director William E. Colby in 1975 when

Allen testified before the House intelligence committee.

Challenged later by Westmoreland's attorney, David M. Dorsen, about his statements to that panel, Allen said Colby told him before his appearance that "we . . . don't want to put ourselves in the position of attacking the military or appearing to attack the military in order to save the agency on this issue."

"I played my role on that occasion, I regret to say, of not breaking ranks and conforming to what I now see clearly in my view was a whitewash," Allen said.

~~ALL APPEARED~~  
ON PAGE B28

THE NEW YORK TIMES

23 January, 1985

# 4 CBS Witness Links U.S. Losses to Vietnam Self-Defense Force

By M. A. FARBER

Senior C.I.A. Analyst

A George W. Allen, a former deputy chief of Vietnamese affairs for the Central Intelligence Agency, testified yesterday that the Vietcong's self-defense forces may have been responsible for as much as "40 percent of American losses" in Vietnam.

Mr. Allen, who is 58 years old, took the stand in Federal District Court in Manhattan as the second witness for CBS in the \$120 million libel trial brought by Gen. William C. Westmoreland against the network.

The suit stems from a 1982 CBS documentary that charged a "conspiracy" by the general's command to minimize the true size and nature of enemy strength in South Vietnam in the year before the Tet offensive of January 1968. The broadcast — "The Uncounted Enemy: A Vietnam Deception" — accused the military of deliberately distorting enemy capabilities by deleting the Vietcong's self-defense units from the official listing of forces known as the order of battle.

Mr. Allen, who appeared on the documentary, is regarded as a particularly important witness for the network. Both George Crile, the producer of the broadcast, and Samuel A. Adams, a former C.I.A. analyst who was a paid consultant for the program, have told the jury that Mr. Allen was the "dean" on Vietnamese issues. Mr. Allen himself said yesterday that he had more experience on Indochinese matters as an American intelligence officer — more than 17 years — than any other person, civilian or military.

#### 'Concept' Twisted

On the documentary, Mr. Allen said the removal of the "paramilitary" self-defense forces from the order of battle twisted "our concept" of the war.

"We were skewing our strategy," he said on the broadcast. "We were not acknowledging that indeed there was an important indigenous South Vietnamese component; that, indeed, it was a civil war."

Mr. Allen followed Mr. Adams to the stand around 4:15 P.M. yesterday, an hour before court adjourned. Mr. Adams completed his testimony by recalling his many years of efforts to bring to light what he called the "embarrassing but significant" story of military "deception" in Vietnam.

Mr. Adams said the military's "dishonest" position regarding enemy strength in 1967 was the "kind of thing that people want to put out of their mind."

"It was the kind of thing people almost have to confess to," he said, telling of his repeated attempts to pry the story loose from former military intelligence officers and to acquire information that was still in classified documents.

Mr. Allen — who served as a senior analyst at the C.I.A.'s station in Saigon from 1964 to 1968, when he became deputy head of the agency's Vietnamese affairs staff at Langley, Va. — said he had been Mr. Adams's "mentor on order of battle problems since we first met" in January 1966. At that time, Mr. Adams had worked for six months of a two-and-a-half year assignment on the Vietnamese affairs staff.

"I sometimes wished I had the courage of my convictions as Sam had," Mr. Allen told the jury. "I regard Mr. Adams as one having an unusually high sense of professional integrity."

Mr. Allen said that Mr. Adams's integrity "was commensurate with the biblical passage engraved in the entrance to C.I.A. headquarters — 'Ye shall know the truth and the truth shall make you free.' "

A Earlier in this trial, George Carver, the chief of that C.I.A. unit, testified for General Westmoreland and portrayed Mr. Adams as someone who was "solid in doubt, often in error."

General Westmoreland, who commanded United States forces in Vietnam from January 1964 to June 1968, contends that CBS defamed him by saying he had lied to President Lyndon B. Johnson and the Joint Chiefs of Staff about enemy strength in 1967.

#### Arbitrary Ceiling

The documentary specifically charged that General Westmoreland had imposed an "arbitrary ceiling" on reports of enemy strength, mainly by the deletion of the part-time, hamlet-based self-defense forces from the order of battle, and had disregarded reports from his officers of a higher Vietcong presence and a higher rate of North Vietnamese infiltration than was made known.

General Westmoreland testified that he removed the self-defense forces — then newly estimated at 120,000 — because they were inconsequential militarily and their inclusion in the order of battle at a high figure would mislead Washington and the press. He said he also wanted, in 1967, to "purify" the order of battle by "separating the fighters" — such as North Vietnamese regulars and Vietcong guerrillas — from what he called the "nonfighters," such as the self-defense units.

At a series of conferences in 1967 between representatives of the military

and various intelligence agencies, Mr. Adams and some C.I.A. colleagues unsuccessfully opposed the deletion of the self-defense forces in the order of battle. But it was not until early 1973, shortly before he resigned from the C.I.A., that Mr. Adams first publicly accused the military of willful deception.

Besides being used for the order of battle, the enemy strength figures settled upon in late 1967 were used for a 25-page special intelligence estimate for President Johnson and other senior officials. That document — which listed a total enemy military strength of 223,000 to 248,000 — said, in a paragraph, that the self-defense forces might have numbered 150,000 in 1966 and, though declining and not "offensive military forces," still "constitute a part of the overall Communist effort."

Yesterday, on re-direct examination by David Boies, a lawyer for CBS, Mr. Adams said that document was "not an honest statement" of full enemy strength.

But his interpretation was challenged on re-cross examination by David Dorsen, a lawyer for General Westmoreland.

Q. Are you suggesting that people like Secretary of Defense McNamara would not be aware that self-defense forces were not in the strength totals?

A. I believe he might be aware, but if he read that paragraph he wouldn't get a proper idea of what those people did.

When Mr. Dorsen suggested that Mr. Adams had "mixed feelings" about describing the self-defense units as "military," Mr. Adams said that "paramilitary" might be an acceptable term but that he never doubted the need to include them in enemy strength totals.

Mr. Allen testified that the self-defense forces "were responsible for sniper fire, preparing booby traps and terrorist-type grenades and sometimes they would actually engage in a firefight." He said they were killing South Vietnamese and American troops "and were terrorizing civilians. They were an integral part of the enemy's military strength."

He said he recalled "figures as high as 40 percent of American losses being inflicted by militia self-defense elements."

Mr. Allen, who said he was one of a dozen intelligence analysts who devised the first American order of battle for enemy forces in Vietnam in 1962, said he agreed with Mr. Adams that the military's position on enemy strength figures five years later was not "in good faith."

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CHPT 3 Washington Business WASHINGTON POST  
21 January 1985

# Colby, Bailey, Werner Form International Consulting Firm

*Former CIA Director,  
National Security Aide  
Join Forces in 'Consortium'*

A former director of the U.S. Central Intelligence Agency, a former special assistant to President Reagan for national security affairs, and the founder of several investment consulting firms have joined forces to form a new international consulting firm.

Colby, Bailey, Werner & Associates, named for the firm's three partners, will provide political, economic and investment consulting services to a variety of potential clients, ranging from banks and brokerage firms to foreign governments and multinational corporations.

William E. Colby, the most prominent partner, was CIA director under presidents Nixon and Ford. Since then, Colby has been affiliated with the New York law firm of Reid & Priest and has held several political consulting positions. These include a post with International Business Government Counsellors Inc., where he served as a senior advisor along with another of the new firm's partners, Norman A. Bailey.

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EXCERPTED



WILLIAM E. COLBY

# 16

# The Director: Running The C.I.A.

By Joseph Lelyveld

**F**OR THE CENTRAL Intelligence Agency and its frequently embattled leader, William J. Casey, the start of the second Reagan Administration is more than just the halfway mark in a marathon. Ronald Reagan is the first President in 12 years to take the oath of office for a second time, but it has been 16 years since a head of the American intelligence community last managed to continue in office from one Presidential term to the next. On the previous occasion, in 1969, Richard M. Nixon reluctantly gave in to an argument that he should retain Richard M. Helms as Director of Central Intelligence in order to safeguard the nonpartisan character of the office. There have been five directors since, and Casey — whom no one has ever called nonpartisan — has now survived longest of them all.

This can be regarded as a footnote, or an indication that the C.I.A. has essentially weathered the investigations and strictures of the 1970's, that it has recovered much of its old effectiveness and mystique. The present director, who would natu-

Joseph Lelyveld is a staff writer for this magazine.

rally favor the latter interpretation, has tried to function as if it were so, casting himself in the mold of Allen W. Dulles and John A. McCone, who flourished in the 1950's and early 60's, before serious questions had been raised, on either moral or pragmatic grounds, about covert action on a global scale. Like them, rather than like his immediate predecessors, he has been recognized in Washington and beyond for having ready access to the President. Like them, he has not hesitated to make his voice heard at the White House on policy matters as distinct from intelligence evaluations. (Indeed, he might even be said to have surpassed them in this respect, for, serving a President who values the Cabinet as a forum, he has managed to become the first Director of Central Intelligence ever to sit at the table as a participating Cabinet member.) And like Dulles in particular — fondly known to his subordinates as "the great white case officer" because of his consuming passion for espionage and related games — Mr. Casey is believed to have immersed himself deeply in the day-to-day management of clandestine operations.

Yet for an assortment of reasons — some personal, others having to do with changing times and changed expectations of a director — no one would suggest that official Washington has learned to view William Casey

relying his youth.

Conservative members, who can be nearly as harsh, tend to portray him as the opposite of an activist director: that is, as a captive of a Langley bureaucracy whose major objective, it is alleged, is to shield itself from controversy. The two images overlap, in that neither takes him very seriously as an effective Director of Central Intelligence or an influence on policy, either broadly on matters of national security or narrowly on matters specific to the intelligence community.

What is involved here is more than a clash of perceptions about Casey. It is also a clash of perceptions about what a Director of Central Intelligence should be and, beyond that, about how ready the United States should be to intervene secretly — politically and, especially, militarily — in the affairs of other countries. On both sides — those who think this director is too active and those who think he is not nearly active enough — there is a tendency to forget the fundamental insight that emerged from the investigations of the 1970's: that all directors, finally, are creatures of the Presidents they serve. If Presidents hear intelligence about the world that conflicts with what they would rather believe, they have the option of setting it aside. But no director can ignore the President's goals. The different ways directors interpret their jobs reflect differences among the Presidents who picked them.

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## BRIEFLY / Business

### Consulting firm started

William E. Colby, former CIA director, has formed an international consulting firm to serve multi-national corporations, with partners Norman A. Bailey, former special assistant to President Reagan for national security and senior director of international economic affairs for the National Security Council, and Robert F. Werner, founder of the Washington Forum. The firm, called Colby, Bailey, Werner & Associates, will analyze international defense and economic activities.